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Financial report and audited financial statements

for the 12-month period
from 1 July 2013 to 30 June 2014

and

Report of the Board of Auditors

Volume II
United Nations peacekeeping operations

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Abbreviations

AMISOM	African Union Mission in Somalia
BINUCA	United Nations Integrated Peacebuilding Office in the Central African Republic
ICT	Information and communications technology
IPSAS	International Public Sector Accounting Standards
MINUGUA	United Nations Verification Mission in Guatemala
MINURCA	United Nations Mission in the Central African Republic
MINURCAT	United Nations Mission in the Central African Republic and Chad
MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MIPONUH	United Nations Civilian Police Mission in Haiti
MONUA	United Nations Observation Mission in Angola
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
OIOS	Office of Internal Oversight Services
ONUB	United Nations Operation in Burundi
ONUC	United Nations Operation in the Congo
ONUMOZ	United Nations Operation in Mozambique
ONUSAL	United Nations Observer Mission in El Salvador
UNAMA	United Nations Assistance Mission in Afghanistan
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNAMIR	United Nations Assistance Mission for Rwanda

UNAMSIL	United Nations Mission in Sierra Leone
UNAVEM	United Nations Angola Verification Mission
UNDOF	United Nations Disengagement Observer Force
UNEF	United Nations Emergency Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNIIMOG	United Nations Iran-Iraq Military Observer Group
UNIKOM	United Nations Iraq-Kuwait Observation Mission
UNISFA	United Nations Interim Security Force for Abyei
UNLB	United Nations Logistics Base at Brindisi, Italy
UNMEE	United Nations Mission in Ethiopia and Eritrea
UNMEER	United Nations Mission for Ebola Emergency Response
UNMIBH	United Nations Mission in Bosnia and Herzegovina
UNMIH	United Nations Mission in Haiti
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMIS	United Nations Mission in the Sudan
UNMISS	United Nations Mission in South Sudan
UNMISET	United Nations Mission of Support in East Timor
UNMIT	United Nations Integrated Mission in Timor-Leste
UNMLT	United Nations Military Liaison Team in Cambodia
UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNMOT	United Nations Mission of Observers in Tajikistan
UNOCI	United Nations Operation in Côte d'Ivoire
UNOMIG	United Nations Observer Mission in Georgia
UNOMIL	United Nations Observer Mission in Liberia
UNOMSIL	United Nations Observer Mission in Sierra Leone
UNOMUR	United Nations Observer Mission Uganda-Rwanda
UNOSOM	United Nations Operation in Somalia
UNPF	United Nations Peace Forces

UNPREDEP	United Nations Preventive Deployment Force
UNPSG	United Nations Civilian Police Support Group
UNSMIH	United Nations Support Mission in Haiti
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic
UNSOA	United Nations Support Office for the African Union Mission in Somalia
UNTAC	United Nations Transitional Authority in Cambodia
UNTAES	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium
UNTAET	United Nations Transitional Administration in East Timor
UNTAG	United Nations Transition Assistance Group
UNTMIH	United Nations Transition Mission in Haiti
UNTSO	United Nations Truce Supervision Organization

Letters of transmittal

Letter dated 30 September 2014 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with financial regulation 6.2, I have the honour to submit the accounts of the United Nations peacekeeping operations for the 12-month period from 1 July 2013 to 30 June 2014, which I hereby approve. The financial statements have been completed and certified as correct by the Officer-in-Charge of the Office of Programme Planning, Budget and Accounts.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) **BAN** Ki-moon

Letter dated 3 November 2014 from the Officer-in-Charge of the Office of Programme Planning, Budget and Accounts addressed to the Executive Secretary of the Board of Auditors

Further to my memorandum of 1 October 2014 on the referred subject, I am transmitting a revised set of financial statements. The revised financial statements I through V, notes to the financial statements, annexes I and II, and the newly added appendix reflect the corrections and changes which were discussed with the Board of Auditors during its audit in the month of October 2014.

Please replace the previous set of financial statements with the attached.

(*Signed*) Chandramouli **Ramanathan**
Officer-in-Charge
Office of Programme Planning, Budget and Accounts

Letter dated 22 January 2015 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the financial statements of the United Nations peacekeeping operations for the financial period ended 30 June 2014, which were submitted by the Secretary-General. These statements have been examined by the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts, including the audit opinion thereon.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Report on the financial statements

We have audited the accompanying financial statements of the United Nations peacekeeping operations, which comprise the statement of financial position as at 30 June 2014 (statement I), the statements of financial performance (statement II), changes in net assets (statement III), cash flows (statement IV) and comparison of budget and actual amounts (statement V) for the year ended 30 June 2014, and the notes and annexes to the financial statements.

Management's responsibility for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of these financial statements in accordance with IPSAS and for such internal control as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements, as a whole, are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2014 and their financial performance and cash flows for the year then ended, in accordance with IPSAS.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the United Nations peacekeeping operations that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules, we have also issued a long-form report on our audit of the United Nations peacekeeping operations.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the United Republic of Tanzania
(Chair of the Board of Auditors)

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor-General of India
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the United Kingdom of
Great Britain and Northern Ireland

22 January 2015

Chapter II
Long-form report of the Board of Auditors

Summary

United Nations peacekeeping operations are deployed on the basis of mandates from the Security Council to maintain international peace and security. As at 30 June 2014, there were 15 active United Nations peacekeeping missions, with 123 countries contributing 86,163 military personnel and 12,202 police personnel. In addition, there were 21,311 civilian staff of 168 nationalities and 2,092 United Nations Volunteers.

The approved peacekeeping budget for the financial year 2013/14 was $7.89 billion, which represented an increase of more than 7 per cent compared with the previous year's budget of $7.34 billion. Expenditure increased by 4 per cent in 2013/14 to $7.61 billion from $7.27 billion in 2012/13. During the financial year 2013/14, $0.28 billion of the peacekeeping budget remained unutilized.

Scope of the present report

The audit examination conducted by the Board included Headquarters, the 15 active field missions, the 31 closed missions and the four special-purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, UNLB (now renamed the Global Service Centre) and the Employee Benefits Funds. However, the Board could not undertake the planned field audits of UNMIL and UNDOF during the year owing to travel restrictions in Liberia consequent upon the outbreak of Ebola and security considerations in the UNDOF area of operations. UNMIL and UNDOF controlled expenditures of $152.7 million and $25.4 million, respectively, and the related balances could not be verified as planned. However, the Board was able to employ alternative audit procedures to obtain reasonable assurance that the financial statements as a whole were free from material misstatement.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of United Nations peacekeeping operations as at 30 June 2014 and the results of operations and cash flows for the year then ended, and have been properly prepared in accordance with IPSAS.

Overall conclusion

The adoption of IPSAS was a major challenge for management, and we identified a number of significant errors and omissions in the financial statements that were forwarded by the Secretary-General to the Chair of the Board of Auditors on 30 September 2014 and duly certified by the Office of Programme Planning, Budget and Accounts. The financial statements required correction, and therefore revised financial statements had to be submitted to the Board on 3 November 2014, before the Board could provide an unqualified audit opinion. Nevertheless, the successful implementation of IPSAS is a notable achievement for the Administration. The challenge now is to embed these initiatives fully into operational activities and to use the new information and systems to improve the management of peacekeeping operations as a whole.

The Board's examination of the financial position of peacekeeping operations confirmed that overall they remained financially stable, with sufficient cash resources to sustain core operations. As in previous years, however, the Board noted ongoing weaknesses in core business processes such as budget formulation and financial management, procurement, asset management and the management of official travel. It is important that the Administration focus on improving compliance with the Financial Regulations and Rules of the United Nations with respect to these processes, as well as on improving the management and efficiency of the processes themselves. There remains a continuing need to strengthen internal controls and management review of processes.

While considerable progress has been achieved, the implementation of the global field support strategy has not progressed according to schedule, and it is highly unlikely that all activities planned for completion by the end of June 2015 will be concluded. The Administration will therefore need to continue the implementation of these activities well into 2015 and probably further into 2016, which will in turn delay the delivery of expected benefits.

The Board's review of ICT expenditures in peacekeeping operations revealed wide variations in budget allocations and expenditures across the six missions examined and excess holdings or underutilization of ICT equipment. There was also scope for greater transparency and adherence to the Financial Regulations in the procurement of equipment and services. Scope for improvement also existed in key areas such as disaster recovery procedures and information security.

Key findings

Budget formulation and financial management

While positive steps have been taken by the Administration to improve budget formulation and management in pursuance of our earlier recommendations, there remained scope for further improvement to reduce the variances between budgetary appropriations and expenditure.

Asset management

There were continuing deficiencies in asset management, with delays in the write-off of assets valued at $12.2 million at 11 field missions and delay in the disposal of written-off assets valued at $22.8 million at 12 field missions. The total value of assets that had not been used for periods exceeding six months since their entry into inventory at four field missions amounted to $55.23 million, while items valued at $3.17 million could not be located during physical verification at four field missions.

Travel management

The Advisory Committee on Administrative and Budgetary Questions had requested the Board to conduct a comprehensive audit of official travel for peacekeeping operations. Expenditure on official travel increased to $65.53 million in 2013/14 from $51.05 million in 2012/13. Expenditure exceeded the approved budget by 25 per cent. There was considerable scope for improvement in adherence to the policy relating to the advance purchase of tickets, which could potentially result in savings in travel expenditure.

Procurement and contracting

While progress was being made in addressing the weaknesses identified in previous years, there remained considerable scope for greater transparency as well as greater efficiencies in procurement and contracting processes that could result in both savings and the quicker provision of equipment and services required by field missions. Delay in the signing of two contracts for the chartering of aircraft resulted in avoidable expenditure of $3.46 million. We also noted instances in which performance bonds were not commensurate with the value of the contracts, as well as loss of prompt payment discounts amounting to more than $1.53 million.

Air transportation

While the Administration had initiated some steps to improve the utilization of air resources, the underutilization of flight hours across missions increased from 13 per cent in the previous year to 20 per cent during 2013/14. Furthermore, the Strategic Air Operations Centre of the United Nations Global Service Centre could not achieve its objective of identifying economies and efficiencies in flight operations.

Management of construction projects

There were continuing delays in the implementation of construction projects that had an adverse impact on the available infrastructure and working conditions at field missions. Delay in the progress of work in two projects at a field mission resulted in the idle storage of materials valued at $3.65 million, as well as depreciation of $801,568 in items such as water tanks, prefabricated units and generators that were not being put to use. We also noted poor management and severe delays in the implementation of quick-impact projects intended to facilitate the creation of an environment conducive to the fulfilment of the mandate of the mission.

Global field support strategy

The global field support strategy is a comprehensive change management initiative aimed at improving the quality and speed of support that the Department of Field Support provides to United Nations peacekeeping missions while achieving efficiency and economies of scale. While considerable progress had been made, achievement of the end-state vision and key performance indicators by the end of the implementation period of the strategy in June 2015 was at risk. The global field support strategy implementation plan consisted of 176 sub-activities, of which 24 had already overshot their target dates and 51 were in progress. We noted, for example, that:

- The succession management plan had been developed, but none of the original timelines relating to the human resources pillar had been achieved;
- There were substantial delays in planning and implementing reforms in supply chain management;
- The modularization strategic plan had yet to be signed off on;
- All the milestones to be achieved under the revised plan for the enabling capacities project were at the initial stages;

- There was limited clarity as to when activities related to global field support strategy mainstreaming and forward planning would occur;
- Weaknesses in progress reporting had deprived management of the opportunity to identify slippages and to make necessary midcourse corrections.

Given that barely a year remains for the implementation of the global field support strategy, the progress should have been greater than what was actually achieved. Hence, in order to fully achieve the benefits of implementing the strategy, progress needs to be escalated through a revised and realistic implementation plan, together with a clear benefits realization plan that is regularly reviewed by management.

Information and communications technology resources in peacekeeping operations

The Advisory Committee on Administrative and Budgetary Questions, in its report on observations and recommendations on cross-cutting issues related to peacekeeping operation (A/68/782), had requested the Board to conduct a comprehensive audit of ICT expenditure and to present the outcome of that audit in the next report of the Board on peacekeeping operations. Our audit found wide variations between budgetary allocations and expenditure across the six missions that we reviewed and the Regional Service Centre. We observed the following:

- Headquarters system contracts concerned specific brands and configurations of ICT equipment and services, and the proposals for the setting of standards did not specify operational needs, the options available for fulfilling those requirements or how the product or company being selected would fulfil those requirements;
- In cases in which existing standards were being renewed or standards changed, considerations such as the dominant position of a firm or product in the market and continuity and interoperability were given primacy in proposing the standards, rather than undertaking a cost-benefit analysis with competing firms, products or services as envisaged under the Financial Regulations and Rules;
- Greater adherence to the recommendations of the Headquarters Committee on Contracts would provide assurance as to the fairness, integrity, transparency and impartiality of the procurement process. We noted a case in which a requirement for a performance bond had been deleted from the terms of the contract without seeking a recommendation of the Committee and another case in which a contract had been repeatedly extended, contrary to the express stipulations of the Committee;
- ICT equipment valued at $12.34 million had not been used for periods of more than six months as at 30 June 2014. Such delays in the deployment of items of equipment raise doubts as to the justification for their initial procurement and the acquisition planning process;
- Responsibilities and procedures were not fully established to ensure quick, effective and orderly responses to information security incidents. There were no cybersecurity emergency response procedures or designated teams to effectively assess, respond and mitigate breaches of cybersecurity;

- While disaster recovery programmes were largely in place, there had been delays in the formulation of business continuity plans. Disaster recovery programmes were not periodically updated, nor were there awareness or training programmes for staff in this regard.

Recommendations

The main recommendations are that the Administration:

Implementation of the International Public Sector Accounting Standards

(a) **Strengthen internal controls and closely monitor the accounting processes and the preparation of financial packages at the missions so as to enhance the accuracy of the financial statements;**

Budget formulation and management

(b) **Ensure that mission chiefs exercise greater vigilance and control over budget variations and that redeployments are permitted only with full justification;**

Travel management

(c) **Review the reasons for non-adherence to the advance purchase policy, and take effective steps to enforce and monitor compliance by staff and missions;**

Asset management

(d) **Ensure that the stipulated timelines for the write-off as well as the disposal of assets are monitored and adhered to by field missions;**

(e) **Strengthen asset management procedures to monitor the level of ageing stock and its judicious deployment and utilization as well as to track items not located during physical verification;**

Procurement and contracting

(f) **Establish a system for the monitoring and review of the timelines of the various stages of the procurement process to reduce or eliminate delays;**

(g) **Review the guidelines for obtaining performance bonds to ensure that they are adequate to secure the interests of the United Nations and are applied in a consistent manner;**

Air transportation

(h) **Carry out a thorough analysis of trends in the utilization of air resources by missions to determine the optimum size and composition of the aviation fleet in order to meet the requirement without compromising operational parameters;**

(i) **Take steps to enable the Global Service Centre to carry out its function of identifying economies and efficiencies in air tasking by ensuring adherence to the stipulated time frames for sending flight requests and providing post-flight data;**

Management of construction projects

(j) **Further strengthen procedures for the planning and implementation of construction contracts, factoring in all foreseeable environmental and security factors that may impinge upon the execution of the work, through a feasibility study and a detailed project report;**

Quick-impact projects

(k) **Monitor the implementation of quick-impact projects by field missions to ensure adherence to the extant policies relating to the size of individual projects and timelines for their approval and implementation;**

Global field support strategy

(l) **Take the steps necessary to ensure that the activities planned under the global field support strategy are completed by June 2015 so that the end-state vision and key performance indicators are achieved as envisaged;**

(m) **Review activities identified under the succession management plan, and set revised target dates for their completion without further slippages;**

(n) **Establish a vision, strategy and road map for supply chain reforms, and ensure their implementation;**

(o) **Review and finalize the modularization strategic action plan as a matter of urgency;**

(p) **Expedite the enabling capacities project to ensure that service packages can be seamlessly implemented in the field and modularized camps rapidly deployed;**

Information and communications technology resources in peacekeeping operations

(q) **Empirically evaluate proposals for the setting of standards by clearly defining the requirements of missions that the proposed standards are aimed at fulfilling;**

(r) **Review the provisions of the United Nations Procurement Manual to strengthen the role of the Headquarters Committee on Contracts as an effective internal control mechanism;**

(s) **Review procedures for the deployment of ICT assets so as to obviate prolonged delays in the deployment and use of the assets procured;**

(t) **Develop a comprehensive information security policy that includes detailed protocols to be followed by missions and user units, including the periodic updating of business continuity plans and disaster recovery plans and periodic tests to establish their efficacy;**

(u) **Explore the setting-up of an Organization-wide computer emergency response team to coordinate and respond to cyberincidents and cyberthreats and carry out real-time analysis to develop defensive measures to secure United Nations information assets, resources and data.**

A. Mandate, scope and methodology

1. The Board of Auditors audited the financial statements and reviewed the activities of the United Nations peacekeeping operations for the financial period from 1 July 2013 to 30 June 2014 in accordance with General Assembly resolution 74 (I) of 1946. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing.

2. The financial statements of the United Nations peacekeeping operations for the year ended 30 June 2014 are the first set of statements prepared after the adoption of IPSAS. The audit was conducted primarily to enable us to form an opinion as to whether the financial statements fairly presented the financial position of the United Nations peacekeeping operations as at 30 June 2014 and whether its financial performance and cash flows for the year then ended were in accordance with IPSAS. This included an assessment of whether the expenditure recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether the revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules of the United Nations. The audit included a general review of financial systems and internal controls and an examination of the accounting records and other supporting evidence to the extent considered necessary to form an opinion on the financial statements.

3. Pursuant to paragraph 6 of General Assembly resolution 47/211, the Board continued to maintain its audit coverage at Headquarters, the 15 active field missions, the 31 closed missions and the four special-purpose accounts, namely, the Peacekeeping Reserve Fund, the support account for peacekeeping operations, UNLB (now renamed the Global Service Centre) and the Employee Benefits Funds, as detailed in annex I to the present report.

4. In addition to the audit of the accounts and the financial statements, the Board carried out reviews of peacekeeping operations under financial regulation 7.5, which allows the Board to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the peacekeeping operations.

5. Owing to the outbreak of Ebola in Liberia, the host country of UNMIL, and to security risks at UNDOF, the audit teams could not undertake the planned field visits to those two missions. The amounts of expenditure incurred by UNMIL and UNDOF during the financial period under review were $474.8 million and $62.1 million, respectively. However, the Board was able to employ alternative methods remotely and tested controls mandated by Headquarters for the preparation of financial packages by the field missions, as well as performed additional audit checks on the consolidated financial statements at Headquarters. The Board was thereby able to obtain reasonable assurance that the financial statements as a whole are free from material misstatement.

6. The Board continued to report the results of audits to the Administration through management letters and continues to present its observations on specific missions in annex III to the present report. The Board issued 18 management letters during the period under review.

7. The Board coordinated with OIOS in order to avoid unnecessary duplication and determine the extent to which the Board could rely on the work of the Office.

8. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were communicated to the Administration, whose views have been appropriately reflected in the report.

B. Main findings and recommendations

1. Follow-up of previous recommendations of the Board

9. The follow-up of the recommendations made by the Board during the previous three years is shown below.

Table II.1
Implementation of recommendations

	No. of recommendations				
Year	*Total*	*Fully implemented*	*Partially implemented*	*Not implemented*	*Overtaken by events*
2010/11	40	18	22	–	–
2011/12	69	38	27	1	3
2012/13	49	25	17	–	7

10. The percentage of fully implemented recommendations increased from 45 per cent in 2010/11 to 55 per cent in 2011/12. However, the number of recommendations shown for 2011/12 included parts of recommendations considered separately. If they had been considered as single recommendations, as in previous reports, the total number of recommendations would have been 47 (instead of 69) and the rate of implementation would have been 43 per cent (instead of 55 per cent). Taking the recommendations as a whole to maintain comparability with other reports of the Board results in an implementation rate of 51 per cent for 2012/13. There is thus an increase of 8 per cent in the implementation rate of recommendations from 43 per cent in 2011/12 to 51 per cent in 2012/13. The status of implementation of the recommendations is shown in annex II.

2. Financial overview

11. The approved peacekeeping budget for the financial year 2013/14 was $7.89 billion, which represented an increase of more than 7 per cent compared with the previous year's budget of $7.34 billion. The expenditure during 2013/14 increased by 4 per cent to $7.61 billion from the previous year's expenditure of $7.27 billion. During the financial year 2013/14, $0.28 billion of the peacekeeping budget remained unutilized.

Trend of expenditure

12. The details of the expenditure incurred under the three budget groups, the Global Service Centre and the support account during the three years ended 30 June 2014 are shown below.

Table II.2

Expenditure of peacekeeping operations, by group

(Millions of United States dollars)

Groups	2011/12	2012/13	2013/14
Military and police personnel	2 922.3	2 777.1	3 160.0
Civilian personnel	1 595.0	1 528.7	1 607.0
Operational requirements	2 635.7	2 583.4	2 429.0[a]
Support account and Global Service Centre — other activities, Global Service Centre strategic deployment staff activities net of transfers to missions and voluntary contributions in kind	391.2	383.9	420.1
Total	**7 544.2**	**7 273.1**	**7 616.1**

[a] The decline in operational requirements in 2013/14 was due to the fact that $342.3 million expended on "contingent-owned equipment — self-sustainment" has been shifted from "operational requirements" to "military and police personnel". If this is considered under operational requirements, then there is an increase of 6 per cent compared with the corresponding amount in 2012/13.

Financial position

13. Peacekeeping operations have an asset base of $4.85 billion, of which $2.47 billion is the value of current assets. The financial statements show total liabilities of $3.89 billion and total assets of $4.85 billion, indicating a comfortable assets-to-liabilities ratio of 1.25. However, this is mainly because property, plant and equipment and inventory are included as assets under IPSAS. The property, plant and equipment and inventory of $1.74 billion (36 per cent of total assets) are intended to assist the service delivery of peacekeeping operations and are not available for discharging their liabilities. If these are excluded from the assets, the remaining total assets, which comprise mostly cash pool investments and assessed contributions receivable, work out to $3.10 billion, against total liabilities of $3.89 billion. The assets-to-liabilities ratio then works out to 0.80.

3. Implementation of the International Public Sector Accounting Standards

14. Despite the closure instructions issued by Headquarters requiring that the financial reports packages of the field missions be ready by 31 July 2014, the full packages were not ready when our audit teams arrived at the missions in August 2014. In addition, the trial balances of missions for the period ended 30 June 2014 were revised during the period of audit, sometimes as late as in September 2014. Given the delay in the preparation of the trial balances and their submission to the field audit teams across the missions, we had to perform additional checks while conducting the audit of the financial statements at Headquarters.

15. Our review of the financial packages at the missions and the Regional Service Centre revealed deficiencies in the maintenance of accounts and financial management. These included lack of regular bank reconciliation, long outstanding withheld payments, the non-adjustment of adverse balances, the incorrect booking of recoveries, the non-accounting of receivables, the treatment of capital

expenditure as revenue expenditure, the depiction of contingent liability as actual liability, the non-reconciliation of inter-office vouchers and the offsetting of staff payables and staff receivables, as listed in annex III to the present report.

16. Regulation 6.2 of the Financial Regulations and Rules of the United Nations requires that the financial statements be submitted to the Board of Auditors within three months of the end of the financial period, which was 30 September 2014 in this case. The financial statements were forwarded by the Secretary-General to the Chair of the Board of Auditors on 30 September 2014 and duly certified by the Officer-in-Charge of the Office of Programme Planning, Budget and Accounts. However, they contained significant errors that were detected during the course of our audit. These pertained to differences between the amounts stated in the financial statements and the corresponding amounts appearing in the annexes to the financial statements, the incorrect computation of allowance amounts, differences between the amounts of the financial statements and the working sheets used to prepare the financial statements, and discrepancies in amounts of voluntary contributions in kind and in the note relating to the Peacekeeping Reserve Fund.

17. A few significant shortcomings and areas of improvement pointed out by the Board, which were accepted by the Administration, are as follows:

(a) The Administration recognized liability and made provision of $300.9 million for uncommitted appropriations for 2013/14 and also increased the initial recognition of provisions by $207 million. As a result, liabilities increased by $300.9 million;

(b) The Administration revised accounting policy disclosures by specifying the threshold limit for the capitalization of different categories of plant, property and equipment, subclasses of assets and their useful life and the materiality threshold for the capitalization of non-financial inventory;

(c) The Administration disclosed the list of closed missions with their dates of closure, additional details of the writing-down of plant, property and equipment and eliminations pertaining to items of statements I and II, major line items of expenditure in annex II to the financial statements, reduced discount rates used to calculate the Employee Benefits Funds and other employee liabilities, and additional details of the cost-sharing of Umoja expenditure and its accounting treatment;

(d) The Administration rectified the misclassification of cash and cash equivalents and short-term and long-term investments within cash pool investments.

18. The Administration stated that the concurrent roll-out of IPSAS and Umoja during the 2014 financial year had presented several challenges that had made the preparation of the IPSAS financial statements unusually complex. However, in presenting the financial statements by the statutory deadline of 30 September, the Administration had been guided by its confidence that the financial statements were free of material misstatements and also that they might need some revisions during the audit based on the Board's review of the practical application of the IPSAS policy framework.

19. The Board also observed the following:

(a) No significant accounting policy was stated for "Contingent contracted services". A description of the policy and of the nature of such expenses is necessary because contingent contract services accounted for $2.46 billion for the year. Although the Administration has added a note on various expenses in the revised financial statements, no significant accounting policy in respect of contingent contracted services has been mentioned;

(b) Annex II to the financial statements presents a comparison of budget and actual expenditure aggregated for each mission. As a result, the reader is unable to ascertain the expenditure on specific items for each mission. Although the Administration has added more details in annex II to the revised financial statements, these are still not sufficient to provide the reader with details of expenditure by budget line items;

(c) For fully depreciated assets still in use, the Administration has written back 10 per cent of the depreciation to reflect their carrying value. However, the adoption of this percentage was not based on any scientific analysis. Fully depreciated assets represent zero carrying cost but, being in use, have economic benefits or service potential beyond the fiscal year. According to paragraph 67 of IPSAS 17: Property, plant and equipment, "the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IPSAS 3: Accounting policies, changes in accounting estimates and errors". The Administration needs to conduct an exercise to review the estimated useful lives of various classes of assets that shall be adopted for the purpose of calculating depreciation prospectively.

20. **In order to enhance the transparency and utility of the financial statements for all stakeholders, the Board recommends that the Administration: (a) state the significant accounting policy for the contingent contracted services; (b) provide expenditure figures by budget line items in annex II to the financial statements to facilitate enhanced appreciation of the expenditure incurred; and (c) review the useful lives of assets to be applied prospectively.**

21. The Administration accepted the recommendation that it develop more detailed disclosures in the note on contract contingent services to increase user understanding. These enhanced note disclosures will be made in the 2015 financial statements. The Administration also accepted the recommendation that it review the useful lives of assets, which is part of the financial year 2015 workplan. It added that it would consider the appropriate level of disclosure for budget expenditures and that the relevant information was made available through the budget performance report.

Overall conclusion

22. The financial statements submitted to the Board on 30 September 2014 were revised by the Administration on the basis of our audit observations, and revised financial statements were submitted to the Board on 3 November 2014. On the basis of the verification of the revised financial statements, we are of the opinion that the financial statements for the year ended 30 June 2014 are IPSAS-compliant and present fairly, in all material respects, the financial position of the United Nations peacekeeping operations as at 30 June 2014 and their financial performance and cash flows for the year then ended.

23. The Board acknowledges that the Administration has successfully completed the transition of the peacekeeping accounts to IPSAS-compliant financial statements, noting the transitional provisions specified in note 2 to the financial statements. We recognize the challenges that were faced by the Administration in making this transformational change, and commend its efforts in this regard.

24. However, given that the requirements of IPSAS have yet to be fully embedded within all levels of the Organization, as evidenced by the deficiencies encountered in the field missions as well as the errors that had crept into the financial statements, necessitating their revision, there is a need to maintain vigilance and strengthen internal controls and checks.

25. **The Board recommends that the Administration strengthen internal controls and checks and maintain close monitoring of the accounting process and the preparation of financial packages, including the trial balance, at the missions so as to enhance the accuracy of the financial statements.**

26. The Administration accepted the recommendation that it strengthen internal controls and stated that specific actions had been initiated, such as the weekly monitoring of unusual general ledger balances and Umoja open item managed accounts and a monthly reporting toolkit that would call upon the missions to attest in writing to the performance of certain actions that ensured tightened internal controls at the mission level. More guidance would be provided to the missions relating to the shortcomings noticed during the current audit. The Administration added that this would be supported by a more detailed and structured accounting manual, which was under preparation.

4. Budget formulation and management

27. The Board had recommended in its previous report (A/68/5 (Vol. II)) that the Administration review the identified weaknesses in budget formulation and develop improved principles and methodologies to assist the missions in formulating realistic, consistent and reliable budgets. While we acknowledge the steps taken to improve budget formulation and management through the issuance of overall guidance and mechanisms such as the joint review of budgets by the Department of Peacekeeping Operations, the Department of Field Support and the Office Programme Planning, Budget and Accounts and the budget steering and substeering committees, we continued to note unrealistic assumptions and inconsistent projections, leading to large variances between budgetary appropriations and expenditure that undermined the utility of the budget as an instrument of financial control and the monitoring of expenditure.

Variations between appropriations and expenditure

28. The overall variations between budgetary appropriations and final expenditure under the three broad groups of military and police personnel, civilian personnel and operational costs for all 15 missions, taken together, ranged between 3 and 6 per cent. However, the variation was more than 5 per cent under military and police personnel for three missions (MINURSO, UNMIK and UNISFA), under civilian personnel for three missions (UNFICYP, UNMIK and MINUSTAH) and under operational costs for seven missions (MINURSO, UNMIK, UNMIL, UNOCI, MINUSTAH, UNAMID and UNISFA). The maximum variation was 29 per cent, under operational expenses for UNISFA.

29. The Board noted significant variations in the budget line items at various missions, as highlighted in the paragraphs below.

30. At UNISFA, there was a variance of more than 5 per cent from the budget appropriations in 93 out of a total of 104 object codes (89 per cent). Of these, 49 object codes (47 per cent) had a variance of more than 50 per cent. It was evident that the expenditure incurred by the mission was not aligned with the budgetary appropriations.

31. At UNAMID, the actual expenditure against budget line items under operational costs varied up to 676 per cent (for consultants) for 2013/14. Within line items, the variation went up to 5,555 per cent (maintenance and repair of equipment — information technology) for object codes. In eight object codes, an expenditure of $9.1 million had been incurred against "nil" budget. This included $1.6 million on the acquisition of generators and $3.87 million on the maintenance of communications equipment, which formed an integral part of regular mission support activities. In 15 object codes, the entire budgeted amount remained unspent. This included items such as acquisition of septic tanks and security and safety equipment. There had been significant savings in each of the past three financial years in items such as construction services, maintenance services, stationary and office supplies and security services. All of these had been in the nature of regular expenditure of the mission, indicating deficiencies in the budgetary planning and projection process.

32. At UNMISS, we noted variations of between 5 and 45 per cent in 10 budget line items under operational costs during 2013/14. The line-wise variations had followed similar trends over the past three years.

33. **The Board recommends that: (a) efforts be intensified to make the budget as realistic as possible so that it can be used as an effective instrument of expenditure control; and (b) the oversight of the budget steering and substeering committees be strengthened so that situations of over- or underbudgeting are avoided.**

34. The Administration stated that it was normal for variances to occur between the approved budget and actual implementation, given the volatile operational environment and changes in mandate. It also stated that UNISFA had to reprioritize its resources to address emerging needs resulting in overspending across certain budget lines, while the large unspent balances for UNAMID stemmed from external factors beyond the control of the mission.

Redeployments between different classes of expenditure

35. The Board observed that redeployments among and within different classes of expenditure were carried out as a matter of routine, taking into account only the availability of the budget under the line items, without evaluating whether the withdrawal of funds from the particular line item would adversely affect the achievement of the annual plan and deliverables committed to under that budget line at the beginning of the year. At the same time, it allowed a unit to use the budget of another unit even though it had not been careful enough to anticipate and project its own budgetary requirements according to its annual plan at the beginning of the year. This laxity in control in making redeployments facilitated budgetary indiscipline and the loss of the importance of the budget as a mechanism to control expenditure.

36. At MINUSMA, the revised standardized funding model[1] formed the basis for the funding of the mission for its first year of operations. Our review of budget redeployment in 2013/14 revealed that the Mission had made 66 budget redeployments totalling $244.73 million, which represented 41 per cent of its total appropriation during the year. The 66 budget redeployments had had an impact on 225 budget items at different points of time between groups and within and among classes.

37. Administration stated that the authority to redeploy financial resources was delegated by the Controller to each Director of Mission Support/Chief of Mission Support at the field missions, and that the delegation was de facto "exceptional", describing the circumstances under which redeployments could be made.

38. The Board considers that the extent of redeployments indicates the need for stricter control over expenditure to ensure that they are in consonance with the approved budget.

39. **The Board recommends that mission chiefs exercise greater vigilance and control over budget variations and that redeployments be permitted only with full justification.**

Unrealistic assumptions used for budget projections

Overestimation of freight charges

40. At UNSOA, the Board noted that the mission applied a constant rate of 15 per cent on estimated costs of items such as telephone equipment and field defence supplies, in accordance with Headquarters instructions to arrive at an estimation of freight costs. However, in the engineering and ICT sections, the actual freight cost as a percentage of actual expenditure ranged between 2 and 9 per cent on different categories of items of different value and size. Even within the same section, freight rates for items differed from one period to another. Had the mission used freight rates based on nature, volume, weight and other historical trends as supported by actual costs, the budgeted cost would have been reduced by $2.2 million, which was equivalent to 65 per cent of the budgeted cost of freight for 2013/14. While we recognize the directive provided by Headquarters to all missions, it does not absolve the mission from its obligation of ensuring that the budget is prepared in a realistic manner.

41. The mission stated that it would undertake a study to obtain the data necessary for the formulation of budget estimates that were more realistic and close to the actual cost requirements for freight services.

Overestimation of requirement for rations

42. At UNISFA, we noticed overestimation of the budget as follows:

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[1] Pursuant to General Assembly resolution 65/289, the standardized funding model was applied in the formulation of the budget for UNMISS for the year 2011/12. Subsequently, a comprehensive assessment was undertaken to evaluate whether the primary objectives of the standardized funding model had been achieved. On the basis of the assessment, a number of updates to the model were implemented to provide greater flexibility to key resourcing drivers and incorporate mission-specific planning information.

(a) While the strength of the military contingent was taken as 3,975 for costing purposes, the average strength of the military contingent, as verified from the troop reconciliation statements for 2012/13, was 3,776. The consideration of actual strength on the ground would have resulted in a more realistic budgetary estimate for rations management. The overestimation of the budget amounted to $645,193;

(b) The warehousing charges for 2012/13 were $102,688 per month. On the basis of that data, the expenditure that could be projected for 2013/14 was $1.23 million. However, the charges allocated for warehousing for 2013/14 was $4 million, which resulted in an overestimation of budget by about $2.77 million.

43. The total overestimation on account of the two above-mentioned items found during the test check was $3.42 million.

44. The Administration stated that the budget for 2013/14 had been was prepared in anticipation of the full deployment of troops, which had not occurred. However, the budget for 2014/15 had been prepared on the basis of actual troop strength and the likely deployment of troops.

Overestimation of aviation budget

45. MONUSCO had an aviation budget of $298.7 million for 2013/14. The Mission incurred an expenditure of $258 million, resulting in an unspent balance of $40.7 million. The unspent balance was due mostly to transport services and aviation fuel (petrol, oil and diesel), which had significant variances, as shown in the table below.

Table II.3

Comparison of actual expenditure and appropriation

(United States dollars)

Commitment item	*Appropriation*	*Expenditure*	*Balance*	*Variance (percentage)*
Transport service air, landing fees and handling charges	48 850 000	32 014 910	16 835 090	34
Transport service rental and operation of fixed-wing and helicopter aircraft	173 361 500	169 507 325	3 854 175	2
Transport service air crew	1 774 000	1 174 055	599 945	34
Consumed spare parts and air transport equipment	1 113 100	1 150 582	(37 482)	(3)
Consumed petrol, oil and lubricants, air transport	72 259 200	53 223 710	19 035 490	26
Global aviation liability insurance premium	1 382 200	929 559	452 641	33
Total	**298 740 000**	**258 000 141**	**40 739 859**	**14**

Source: Information provided by MONUSCO management.

46. The Administration stated that the mission budget estimates for the 2013/14 financial period were based on assumptions that had been valid at the time of the budget preparation in October 2012.

Overestimation of fuel consumption

47. At MINUSTAH, the approved fuel budget for 2013/14 was $31.83 million, including $25.29 million for generators, $4.68 million for vehicles, $1.65 million for aircraft and $0.21 million for naval transportation. The fuel budget had been formulated using different standard ratios of fuel for generators, vehicles and aircraft.

48. The Board noted that much less fuel had been used than the budgeted volume. Our analysis revealed that the actual consumption for power generation was 6.70 million litres, which was only 56 per cent of the budgeted quantity, while actual consumption of gasoline for assets such as motor vehicles was 0.15 million litres, which was only 40 per cent of the budgeted quantity.

49. The Administration explained that the lower-than-budgeted fuel consumption had been due to the repatriation of four contingents.

50. Similarly, at MONUSCO, the Board observed that the Mission had been applying a constant rate of 10 per cent of overall cost for fuel for three consecutive years in estimating the requirement for oils and lubricants. The application of the fixed rate to the cost for fuel had resulted in overbudgeting for oils and lubricants of between 45 and 61 per cent for the years 2011/12 to 2013/14, as shown below.

Table II.4

Trend of budget against actual expenditure for oil and lubricants

(United States dollars)

Financial year	*Budget*	*Actual expenditure*	*Variance*	*Variance (percentage)*
2011/12	3 160 636	1 633 418	1 527 218	48
2012/13	3 275 994	1 280 221	1 995 773	61
2013/14	3 381 624	1 849 876	1 531 748	45

Source: Audit analysis.

51. The Administration agreed that the Mission would utilize the consumption trends of the past three budget cycles in upcoming budget preparations.

52. While we acknowledge the challenges faced by missions during budget formulation and implementation, it should be possible for missions to assess the requirements on a more realistic basis, taking into account historical trends and foreseeable factors affecting the implementation of their mandates.

53. The Administration stated that Headquarters issued guidance on budgeting for major consumables as part of the budget instruction package to all missions, which was updated every year to account for price changes. Furthermore, missions established their own consumption baselines to ensure an accurate representation of costs.

54. **The Board recommends that the Administration review the methodology adopted to ensure more realistic budgetary projections.**

5. Travel management

55. On 7 August 2014, the Advisory Committee on Administrative and Budgetary Questions requested the Board to conduct a comprehensive audit of official travel financed from peacekeeping budgets. In pursuance of that request, our audit teams were instructed to examine, as part of their audit exercise, the expenditure incurred for official travel. This exercise will continue in the coming years. Our findings during the current cycle of audit are set out in the paragraphs below.

Overall trend of expenditure

56. There was an increase in the expenditure on official travel from $46.42 million in 2011/12 to $65.55 million in 2013/14, as shown below.

Table II.5
Expenditure on official travel
(Thousands of United States dollars)

Year	*Total expenditure on peacekeeping*	*Expenditure on official travel*	*Expenditure on official travel as a percentage of total expenditure*
2011/12	7 544 235	46 422	0.62
2012/13	7 273 147	51 048	0.70
2013/14	7 614 886	65 553	0.86

Source: Data provided by management.

57. A variance analysis of expenditure on official travel is presented below.

Table II.6
Expenditure on official travel, 2013/14
(Thousands of United States dollars)

Mission	*Budget*	*Actual expenditure*	*Variance*	
			Amount	*Percentage*
MINURSO	715.1	791.7	(76.6)	(11)
MINUSTAH	3 407.4	2 436.5	970.9	28
MONUSCO	9 596.1	12 229.4	(2 633.3)	(27)
MINUSMA	1 639.6	8 968.0	(7 328.4)	(447)
UNOCI	3 495.5	5 297.7	(1 802.2)	(52)
UNAMID	5 028.5	6 299.0	(1 270.5)	(25)
UNDOF	572.4	767.7	(195.3)	(34)
UNFICYP	339.2	282.1	57.1	17
UNIFIL	913.4	955.9	(42.5)	(5)
UNMIK	499.3	397.7	101.6	20
UNMIL	1 974.3	1 834.1	140.2	7
UNMISS	8 205.9	8 209.7	(3.8)	(0)
UNISFA	1 282.9	1 192.5	90.4	7

Mission	*Budget*	*Actual expenditure*	*Variance*	
			Amount	*Percentage*
MINUSCA	1 641.0	1 547.1	93.9	6
UNSOA	2 011.7	3 300.1	(1 288.4)	(64)
United Nations Global Service Centre	1 189.2	982.6	206.6	17
Support Account	9 774.3	9 766.7	7.6	0
Total	**52 285.8**	**65 258.5**	**(12 972.7)**	**(25)**

58. As shown above, actual expenditure exceeded the approved budget by 25 per cent. Six missions (MONUSCO, MINUSMA, UNOCI, UNAMID, UNDOF and UNSOA) exceeded their budgets by more than 20 per cent. Conversely, MINUSTAH and UNMIK realized savings of more than 20 per cent against their allocated budgets. Such variances indicate that budget planning at the mission level needs to be strengthened.

59. **The Board recommends that the Administration review the actual requirements for official travel and take steps to strengthen budget planning of official travel at the mission level in order to ensure optimum allocation and utilization of resources.**

60. While concurring with the recommendation for the optimization of travel expenditure, the Administration stated that, given the volatile operational environment, it was normal for variances to occur. At MONUSCO, the overexpenditure was attributable to the unforeseen arrival of the Force Intervention Brigade and the change in the Mission's mandate, while at MINUSMA it was attributable primarily to the fact that staff were on temporary duty assignment from other missions to support the start-up of MINUSMA. At UNOCI, it was due to unbudgeted IPSAS/Umoja requirements and unforeseen demining activities. In the event that the expenditure for a particular type of travel exceeds the budget, it is the prerogative of the directors/chiefs of missions to redeploy funding from other budget items as a matter of priority. It is not expected that such travel overruns will give rise to additional funding for the overall budget. Concerted efforts were being made to increase the cost-effectiveness of training and reduce training-related travel expenditure to the extent possible.

Advance purchase policy

61. In accordance with United Nations staff rule 7.8 and the administrative instruction on official travel issued by the Secretariat on 12 August 2013 (ST/AI/2013/3), all travel arrangements for individuals travelling on behalf of the United Nations, including the advance booking and purchase of tickets, should be finalized 16 calendar days prior to the commencement of official travel. Programme managers are required to provide justification for all official travel arrangements that cannot be finalized 16 calendar days before the commencement of travel.

62. In its report for 2011/12 (A/67/5 (Vol. II)), the Board had recommended that the Administration continue to monitor the rates of compliance with the advance purchase policy. In the report of the Secretary-General on the implementation of the

recommendations of the Board (A/68/751), it was stated that that recommendation had been implemented, with the Office of Central Support Services having started to compile quarterly reports on compliance. Nonetheless, we noted that there remained considerable scope for improvement in terms of compliance with the policy. We observed the following:

(a) Missions had started to send quarterly reports only as from the third quarter of 2013, and compliance had yet to stabilize. MINURSO and MONUSCO had started to send reports as from the first quarter of 2014;

(b) The analysis of reports for four quarters (the third quarter of 2013 to the second quarter of 2014) revealed that non-compliance with the instructions on advance purchasing had increased from 46 per cent in the third quarter of 2013 to 60 per cent in the second quarter of 2014;

(c) In the second quarter of 2014, the Department of Field Support and four missions (UNDOF, UNOCI, UNAMID and UNISFA) had had non-compliance rates of more than 70 per cent;

(d) In a sample of 75 travel requests at Headquarters, travel had been approved less than 16 days prior to the date of departure in 40 cases. Out of these 40 cases, justification had been provided by the certifying officer in respect of 36;

(e) The Administration had agreed that the Regional Service Centre would work together with client missions to adhere to the advance purchase policy and would request them to submit approved travel authorizations at least 22 calendar days in advance to enable the Travel Unit to complete the purchase of tickets within the established time frame. A review of the quarterly reports of the five client missions relating to the past nine months revealed rates of non-compliance with the extant instructions of between 52 and 83 per cent of the total number of cases, as shown below:

Table II.7
Advance purchase compliance

	October-December 2013		*January-March 2014*		*March-June 2014*	
Mission	*No. of cases*	*Non-compliance rate (percentage)*	*No. of cases*	*Non-compliance rate (percentage)*	*No. of cases*	*Non-compliance rate (percentage)*
UNAMID	882	68	693	70	1 133	77
MONUSCO	663	71	480	56	662	56
UNMISS	642	52	437	54	693	54
UNISFA	109	59	75	Not available	70	71
BINUCA	88	72	29	83	105	63

(f) A test check of 20 cases of Regional Service Centre in Entebbe staff engaging in official travel for such purposes as training and meetings showed that tickets had not been purchased 16 days before the departure dates in 12 cases.

63. While the Board recognizes that there are some urgent circumstances in which it may not be practicable to adhere to the advance purchase policy, the extent of non-compliance, which has clear financial implications in terms of unnecessarily inflating the expenditure incurred on travel, clearly points to the need for stricter

monitoring and enforcement of the policy. There can be no justification for not adhering to the policy in cases of scheduled travel such as that for participation in training programmes or meetings slated in advance.

64. **The Board recommends that: (a) the Administration take effective steps to enforce and monitor compliance with the advance purchase policy by staff and missions; and (b) the Regional Service Centre review the reasons for non-compliance with the administrative instruction and identify areas for improvement, including the streamlining and monitoring of the granting of approval for travel claims.**

65. The Administration stated that it concurred with the recommendation that client missions review the reasons for non-compliance with the administrative instruction and identify areas for improvement. The Regional Service Centre will continue to provide regular reports on compliance to the client missions. The Department of Peacekeeping Operations and the Department of Field Support will continue to raise awareness with respect to the advance purchase rule by means of regular broadcasts to all staff. Furthermore, the missions will put in place measures to ensure that cases of exceptions as a result of exigencies and/or operational requirements are documented, justified and approved.

Use of videoconferencing

66. According to paragraph 3.2 of the administrative instruction on official travel issued on 12 August 2013, programme managers are required to certify on form TTS.5 that alternative methods, such as videoconferencing, audioconferencing or other remote business practices, such as online meetings, have been carefully reviewed and found to be ineffective and that travel is therefore necessary.

67. The Board noted an encouraging trend in use of videoconferencing, with the number of videoconferences having increased from 4,810 in 2011/12 to 5,683 in 2012/13 and 9,745 in 2013/14.

68. However, little progress had been made in the use of videoconferencing for meetings of the Regional Service Centre steering committees, with only 4 out of 24 meetings having been held by way of videoconferencing during the period from 2011/12 to 2013/14. Regarding the issue of certificates on the necessity of travel, the Centre stated that such certificates were not being issued for its staff.

69. The Board also noted that the Department of Peacekeeping Operations and the Department of Field Support were using travel request forms whose format did not include certification by the programme manager that alternative methods had been reviewed and found to be ineffective.

70. **The Board recommends that: (a) the format of the travel request forms being used by the Department of Peacekeeping Operations and the Department of Field Support be revised to include certification by the programme manager in accordance with the extant instructions; and (b) the issuance of such certificates be insisted upon before the granting of approval for the proposed travel.**

71. The Administration stated that the format of the travel request forms had been revised as recommended.

Non-recovery of travel advances to staff members

72. Paragraph 5.2 of the Field Finance Procedure Guidelines of May 2011 states that certified travel claims must be submitted to the Finance Section with all required documentation within two weeks after the completion of official travel. Travel advances that remain outstanding after this period shall be recovered from either the staff member's mission subsistence allowance, monthly payment order or salary entitlement.

73. Our review of travel advances at MINUSTAH for the year ended 30 June 2014 disclosed that advances amounting to $0.12 million in respect of 75 staff had not been recovered as at year-end. Out of the 14 staff selected for review, 7 had been issued travel advances, amounting to almost $20,000, whose recovery had been overdue for periods ranging from 7 to 20 weeks.

74. At UNMISS, a review of 2,337 pending advance payments of daily subsistence allowance disclosed that an amount of $1.64 million pertained to 825 cases that were pending clearance as at 30 June 2014. Of these cases, 36 (amounting to $67,463) related to 2012 and 240 (amounting to $461,099) related to 2013. Three cases (amounting to $8,985) had been pending since October 2011.

75. UNMISS stated that the amount of $1.64 million related to pending cases of advance daily subsistence allowance for both within-mission and external travel. Advance daily subsistence allowance is recovered from the staff member's salary if an F-10 claim has not been filed. On the basis of the service level agreement between UNMISS and the Regional Service Centre, the process of the recording and settlement of F-10s is performed by the Centre. Furthermore, the Mission had implemented a follow-up procedure of withholding $500 for a period of three months after separation. This is in addition to Headquarters withholding payment of the final month's salary pending clearance from the Office of Human Resources Management. For staff members who have been transferred to other missions within the United Nations system, the previous mission will not write off these amounts, but will contact the staff member and the current mission to effect recoveries.

76. A backlog of such a large number of cases, with financial implications of $1.64 million, indicated a lack of effective monitoring of the receipt of F-10s from those granted advances and a lack of necessary action to adjust or recover the amounts due in time. This may lead to the risk that the amounts will become irrecoverable with the passage of time and the movement of staff out of the United Nations system.

77. **The Board recommends that the missions, together with the Regional Service Centre, closely monitor the adjustment of advances and ensure timely action for adjustment/recovery. Guidelines may be issued detailing the respective responsibilities of the mission and the Regional Service Centre and ensuring that separation benefits are granted only after no dues certificates have been received from the sections concerned.**

78. The Administration concurred with the recommendation relating to the timely clearance of advances. It stated that the claims, benefits and payroll and travel on official business service lines at the Regional Service Centre would be mapped in the Field Support Suite to provide clearance certificates for separating staff members and that MINUSTAH had requested that all staff members with outstanding travel advances submit their travel claims without delay, with a significant number of advances having since been cleared.

Avoidable expenditure in ticketing arrangements

79. In 2013/14, MINUSMA utilized the services of a firm to handle the ticketing arrangements for its staff, without entering into a formal contract specifying the services to be rendered or the payment terms, including discounts and additional services. The services of the firm were utilized because it had been working with other United Nations missions. The firm was paid $1.02 million in 2013/14. However, no discounts, including United Nations discounts, were passed on by the firm to the mission, owing to the lack of a formal contract similar to those entered into by other United Nations missions with the firm. Assuming a discount of 6 per cent, the expenditure that could have been avoided amounted to $60,770.

80. The Board observed that prior to the commencement of services, the Mission should have entered into a formal contract outlining terms and conditions so as to safeguard its interests. Furthermore, if the reason for utilizing the firm's services was that it was providing similar services to other missions, then the discounts available to the other missions could have been insisted upon pending the conclusion of an agreement.

81. **The Board recommends that the Administration review the ticketing arrangements that may have been entered into by missions with travel firms so as to ensure that discounts are uniformly obtained, thus avoiding unnecessary expenditure.**

82. The Administration stated that as at August 2014, MINUSMA had entered into a formal contract with the firm and was eligible for a United Nations discount of 6 to 7 per cent, depending upon the carrier.

6. Asset management

83. Equipment, supplies and vehicles make up an essential component of the capability of any mission to fulfil its mandate and to function effectively. Such assets, previously referred to as non-expendable property, which are above the threshold limit of capitalization as stipulated in the accounting policy established under IPSAS, are now included as part of "property, plant and equipment" in the financial statements. In its previous report (A/68/5 (Vol. II)), the Board had highlighted various deficiencies in asset management at peacekeeping missions. During our current audit both at Headquarters and at the missions, we noticed persisting deficiencies as well as scope for further improvements in asset management.

Delay in the write-off of property, plant and equipment

84. The key performance indicator for the completion of the write-off process with respect to property, plant and equipment stipulates a target of 90 days, with a tolerance rate of 30 days. We noticed that 1,320 items of property, plant and equipment (20 per cent), valued at a total of $12.2 million, had been pending write-off for six or more months at 11 missions as at 30 June 2014, as shown below.

Table II.8

Property, plant and equipment pending write-off as at 30 June 2014

Mission	*No. of property, plant and equipment items pending write-off*	*No. of property, plant and equipment items pending write-off for 6 or more months*
MINURSO	7	7
MINUSTAH	1 137	420
MONUSCO	1 725	313
UNOCI	523	59
UNAMID	1 949	259
UNDOF	21	2
UNIFIL	193	123
UNMIK	547	59
UNMIL	154	59
UNMISS	344	1
UNSOA	50	18
Total	**6 650**	**1 320**
Purchase value (millions of United States dollars)	42.9	12.2

Source: Data provided by management.

85. Items had been pending for varying periods, with the longest being since April 2007. Such delays in write-off may reduce the realizable value of assets and increase the efforts required to safeguard them.

86. **While noting the improvements made, the Board recommends that the Administration undertake a more focused effort to ensure that its own instructions in respect of the write-off of assets are followed by missions.**

87. The Administration stated that the average amount of time taken to complete write-off had improved from 149 days in 2011/12 to 99 days in 2012/13 and 94 days in 2013/14. It added that continuous measures had been taken to enhance performance in the area of property write-off, and that missions would be advised to pay special attention to the recommended timelines.

Delays in the disposal of written-off assets

88. The key performance indicator for the disposal of written-off items by commercial sale stipulates a target of 180 days, with a 30-day tolerance period. We noted that 1,543 items (24 per cent), valued at a total of $22.8 million, had been pending disposal for six or more months at 12 missions as at 30 June 2014, as shown below.

Table II.9

Written-off property, plant and equipment items pending disposal as at 30 June 2014

Mission	*No. of property, plant and equipment items pending disposal*	*No. of property, plant and equipment items pending disposal for 6 or more months*
MINURSO	185	109
MINUSTAH	517	87
MONUSCO	1 978	359
UNOCI	501	58
UNAMID	1 377	431
UNDOF	102	99
UNIFIL	239	102
UNMIK	68	38
UNMIL	613	139
UNMISS	593	83
UNOAU	15	6
UNSOA	112	32
Total	**6 300**	**1 543**
Purchase value (millions of United States dollars)	64.7	22.8

Source: Data provided by management.

89. Items had been pending disposal for varying periods, with the longest being since January 2009. Such delays in the disposal of assets, particularly when it involves commercial sale, may not only result in the realization of lower value owing to the passage of time, but also risk damage or deterioration as a result of prolonged storage.

90. While we acknowledge the challenges faced, the missions need to address them to obviate the risk that the assets will lose their realizable value.

91. **The Board recommends that the Administration review the reasons for delay and ensure that the missions explore the possibility of the quicker disposal of long-pending cases while addressing mission-specific constraints.**

92. The Administration stated that while substantial progress had been achieved in the area of disposal by commercial sale, missions would take steps to review and expedite the process. The Administration added that in 2013/14, the Department of Field Support had provided guidance to the missions with a view to assessing local market conditions and expediting disposals. Further guidance would be provided in the Department's directive and workplan on property management for the financial year 2015.

Ageing stock

93. Paragraph 15 of the directive on property management for the financial year 2014, dated February 2014 and issued by the Department of Field Support, requires that assets be put into use immediately after their entry into inventory, with the

exception of reserve and safety stock items. The workplan on property management for the financial year 2014 defines "ageing stock" as items held in stock for a period of more than six months.

94. The Board's review of property management at various missions as at 30 June 2014 revealed that a large proportion of assets were lying unutilized for prolonged periods exceeding six months, as follows:

(a) At MINUSTAH, out of 3,321 unutilized in-stock items with a total value of $14.11 million as at 30 June 2014, 2,029 (61 per cent), valued at $10.07 million, had been in stock for more than six months. Of these 2,029 items, 542, valued at $1.65 million, had been in stock for periods of 7 to 12 months and 1,487, valued at $8.42 million, had been in stock for more than 12 months;

(b) At MINUSMA, 1,611 items, valued at a total of $17.42 million and representing 20 per cent by quantity and 25 per cent by value of the total number of items, had never been put to use for more than six months as at 30 June 2014. Of these items, 1,599 were in good condition. Nearly 83 per cent of these assets pertained to the engineering and ICT sections, with carry-over value of $15.12 million (87 per cent of total value);

(c) At UNISFA, 872 items, valued at a total of $8.29 million, had been awaiting deployment for more than six months. These items included 366, valued at $2.72 million, that had been acquired by the mission through local procurement. The maximum waiting time to date had been more than two and a half years. Twenty-six items, valued at $1.27 million, were in deteriorating condition and were classified as "bad", or unusable in their present form;

(d) From the analysis of the life expectancy and obsolescence of assets carried out at UNISFA, the Board noted that more than 44 per cent of the items, valued at a total of $21.91 million, had exceeded their life expectancy;

(e) UNMISS had 3,135 items, valued at a total of $19.45 million, that had been lying unutilized for periods of more than six months subsequent to their receipt in stock. Of these items, 553, valued at $607,521, had been purchased locally by UNMISS and added to the stock in January 2013;

(f) There were 21,992 items (65 per cent of total number), valued at $196.68 million (78 per cent of total value), that had been received from other missions. Of these items, 11,310 (51 per cent), valued at $81.35 million, had surpassed their life expectancy.

95. Missions cited different reasons for the return of issued items to stock, such as downsizing and the reassignment of staff, as well as ongoing processes with respect to potential team sites, offices, improvement work, security enhancements, the recruitment of staff, troop arrivals and deployments and the holding of assets for ongoing projects.

96. The total value of the 7,647 items that had not been used for periods exceeding six months since their receipt in stock, as referred to above, was $55.23 million. Such prolonged storage and non-usage of assets not only result in the blocking of funds that could have been put to better use elsewhere, but also cause deterioration in the quality of the property acquired, which ultimately frustrates the very purpose of their procurement. With more efficient planning and better utilization of acquired assets, the number of such items can be reduced.

97. **The Board recommends that missions: (a) strengthen their asset management procedures and closely monitor the level of ageing stock and its judicious deployment and redistribution; (b) consider writing off or disposing all items of obsolete equipment that are no longer in use; and (c) ensure proper assessment of requirements before undertaking procurement so as to ensure that the items purchased are utilized.**

98. The Administration stated that the equipment kept in reserve by UNISFA was earmarked for ongoing projects and the sector headquarters of the Joint Border Verification and Monitoring Mechanism. The write-off process had been initiated for 240 items that were not operational owing to obsolescence, damage or wear and tear. Mission management had acted on the recommendation regarding proper assessment of the need for stock items prior to their procurement and had issued instructions to all self-accounting units to comply strictly with it. At MINUSMA, a delay in the arrival of troops had delayed the deployment of assets. MINUSTAH had initiated steps to improve asset utilization and write off obsolete equipment. At UNMISS, a significant number of slow-moving items were stock from previous missions and were being reviewed on a quarterly basis.

Assets not located during physical verification

99. The standard operating procedures for the monitoring of key performance indicators regarding property management require that all missions physically verify items of property and equipment at least once a year. The target was set at 100 per cent, with a tolerance rate of 0.5 per cent. The property control and inventory unit at each mission conducts a physical verification survey to ensure that the data in the Galileo inventory management system are current and accurate, reflecting the physical disposition and custodial status of every fixed asset at the mission. While noting the improvements achieved by the Administration in the physical accountability of assets, the Board noted that a large number of items could not be located during the physical verification of assets at MINUSTAH, MONUSCO, UNMISS and MINUSMA. Details, including weaknesses, noted during the physical verification carried out by property control and inventory units are as follows:

(a) MINUSTAH verified 98.86 per cent of the total value of its assets in May 2014. During the physical verification, 554 items (3.17 per cent of those verified), valued at $1.66 million, had not been located as at 30 June 2014. A large number of those items (79 per cent in number and 77 per cent in value) belonged to the ICT services. The Mission attributed the failure to locate the assets during physical verification to changes made to users' locations without informing the Mission, lack of cooperation with Property Control and Inventory Unit inspections and the issuance of certain items in bulk quantities, which made it difficult to keep track of all items;

(b) At MONUSCO, we reviewed two annual physical verification reports and noted an increase in the number of assets identified as "not located" by the Property Control and Inventory Unit from 50, valued at $138,085, in 2012/13 to 89, valued at $319,968, in 2013/14. This represented increases of 78 per cent and 132 per cent in the number and the value of those assets, respectively. The Administration attributed the increase in the assets that could not be located to the transfer of more than 400 staff from west to east. The records were being updated, and users with assets that had not been located were being requested to submit incident reports;

(c) At UNMISS, 248 items of non-expendable property, having a value of $1.11 million, were not found during the physical count. These were mainly items of communications, engineering and supply services equipment;

(d) At MINUSMA, a physical verification conducted by the Property Control and Inventory Unit revealed that 37 of the 701 non-expendable property items verified, valued at $75,966, could not be located as at 30 June 2014. A further analysis of those 37 items revealed that 30 items were identified as being "in stock" in Galileo data. All of the 37 items pertained to ICT services.

100. The total value of the items not located during physical verification in the four missions referred to above was $3.17 million.

101. **The Board recommends that missions: (a) improve their procedures for the issuance and tracking of assets; and (b) exert more effort to trace the items "not located" during physical verification.**

102. The Administration stated that it had defined key performance indicators in its directive and workplan on property management for the financial year 2014 and that the performance results had been systematically reviewed. Missions had been reminded to step up the process of physical verification and to review and reconcile discrepancies in the records. Efforts were being made to locate the items "not found yet".

Management of consumable properties

103. Paragraphs 100 and 102 of the guideline on warehousing operations for field missions require that a maximum stock level for each item be identified on the basis of the demand history of the consumables.

104. At MINUSMA, we noted that stock levels for all 3,495 consumable items had yet to be set in accordance with the guidelines. The absence of an explicit stock level increases the risk of overstocking or running out of stock unknowingly. The mission stated that it was in the process of establishing the stock levels.

105. At UNMISS, the Board noted that, as at 30 June 2014, the warehouse contained about 26,838 items, valued at a total of $35.08 million, compared with 23,639 items as at 30 June 2013. This represented an increase in line items of 13.5 per cent in 2013/14, with a monetary value of $39.09 million.

106. UNMISS stated that it used an inventory categorization technique based on activity-based costing analysis, which provided a mechanism for identifying items having a significant impact on overall inventory cost, as well as for identifying different categories of stock that would require different management and controls. It added that activity-based costing analysis was based on frequency of issuance, rather than total consumption in terms of dollar value. Our analysis of the inventory of general supply items in the main warehouse in Juba, which contained approximately 900 items, revealed the following:

(a) Of the 900 items, 153 showed a "nil" stock level as at 30 June 2014;

(b) Based on the consumption pattern of the 900 items, for 313, valued at $3.02 million, there was stock sufficient for more than 52 weeks of supply;

(c) Of these 313 items, for 88, valued at $1.06 million, there was stock sufficient for more than 500 weeks of supply based on previous consumption patterns.

107. It was evident that many items were overstocked and there was no stock for other items. Furthermore, it was not clear why there needed to be adequate stock for more than one year's consumption, particularly in a scenario in which storage conditions were less than optimal, leading to the possibility of deterioration in quality or damage.

108. **The Board recommends that the Administration review inventory management and practices at missions to reduce the number of overstocked items and ensure more rational stocking of items taking into account actual rates of consumption.**

109. The Administration stated that UNMISS had taken steps to further reduce stock levels.

7. Procurement and contracting

110. Efficient procurement and contracting processes with respect to both equipment and services are an important element in enabling missions to carry out their functions in a cost-effective manner without compromising operational imperatives. We noted a number of inefficiencies and deficiencies in the management of the procurement and contracting processes which not only had led to avoidable costs, but also had the potential to undermine the ability of the missions to meet their operational requirements.

Delays in the placing of purchase orders

111. According to the procurement workflow, a requisition is initiated by a section and certified by the chief of that section. It is then forwarded to the Procurement Section for approval of the purchase order. We observed the following:

(a) At UNISFA, we found 21 requisitions, valued at a total of $3.43 million, relating to the period from 4 February to 9 June 2014 that were pending approval as at the date of audit (8 September 2014). These had been pending for periods of between 100 and 201 days;

(b) Of the 340 purchase orders issued in 2013/14, covering 974 items, delivery had been completed in respect of only 110 (32 per cent). Excluding 15 purchase orders with respect to which delivery due dates were not found on record, only 6 purchase orders (less than 2 per cent) had been delivered on time, with the delivery of the remaining 89 items (26 per cent), worth a total of $5,883,550, having been delayed. The delays ranged between 13 and 272 days;

(c) At UNAMID, a total of 416 purchase orders, valued at a total of $236.10 million, had been generated by the Procurement Section. We selected a sample of 20 purchase orders issued in 2013/14 to ascertain whether there had been any delays in the procurement process. We noted that: (i) the average time taken for the issuance of requests for quotations had been 157 days, compared with the stipulated time frame of 48 working days (three cases); (ii) the average time taken for the issuance of requests for proposals had been 702 days, compared with the stipulated 321 working days (five cases); and (iii) the average time taken for the issuance of invitations to bid had been 167 days in seven cases that did not require the approval of either the local committee on contracts or the Headquarters Committee on Contracts and 690 days in five cases that required the approval of the local committee on contracts or the Headquarters Committee on Contracts, compared with the stipulated time frames of 85 and 201 working days, respectively;

(d) In one case of procurement related to printing and reproduction services, the requisition had been raised on 25 September 2011 and the letter of intent to award the contract had been issued on 18 June 2014, nearly three years after the requisition had been raised. In this case, the total time taken for technical evaluation had been 339 days.

112. The Administration stated that a mission's procurement section could initiate the procurement process only when it had received an approved requisition, including specifications, and that the timelines commenced at that stage.

113. The Board's observation highlights delays at various stages of the acquisition process and underlines the need for coordination and expeditious action at every stage in order to meet the requirements projected by the requisitioning sections. Such prolonged delays in the procurement of necessary supplies and equipment may compromise the ability of missions to carry out their functions efficiently and in a timely manner.

114. **The Board recommends that a system for the monitoring of the timelines of the various stages of the procurement process be instituted to reduce or eliminate delays in procurement.**

115. The Administration stated that UNISFA had acted on the recommendation to introduce better coordination between the procurement and requisitioning sections to avoid delays. UNAMID had conducted training programmes for requisitioning and procurement staff, and more were planned.

Delays in the awarding of contracts for the chartering of aircraft

116. The Board reviewed five contracts for the chartering of aircraft finalized by Headquarters, and noticed that the terms of two had been extended beyond the maximum tenure period owing to delays in the completion of actions to award the new contracts, as described below.

117. A contract for long-term aircraft chartering had been awarded to a company in March 2011 for seven helicopters, for a price of $77.84 million. The contract had been effective as from 15 March 2011 for a period of two years, extendable by one additional year, until 14 March 2014. The contract had been extended for the third year on 25 January 2013, for a price of $33 million, for six helicopters. Thereafter, the contract had been extended by two additional months, until 14 May 2014, as the new contract had yet to be awarded. The new contract had been signed on 14 May 2014 with the same company for the same six helicopters (plus one optional helicopter) for a price of $14.58 million for one year. We observed that the payment made under the old contract for the two additional months had been higher by $2.85 million than the price obtained under the new one. Therefore, had management commenced this process early enough to have the new contract in place by the time the old one expired, it could have saved $2.85 million.

118. The Procurement Division stated that the solicitation process with respect to the replacement contract could not be initiated until early March 2014, as the technical specifications had been received from the Department of Field Support only in late February 2014, although the requisitioning department received automatic alert messages on contracts due to expire within eight months.

119. Another contract for long-term aircraft chartering had been awarded in November 2010 to the company referred to above for the provision of one helicopter, for a price of $7.99 million. The contract had been effective as from 7 November 2010 for a period of two years, extendable by one additional year, until 6 November 2013. The contract had been extended for the third year on 4 September 2012, for a price of $3.97 million. The contract had been further extended for five months and 18 days, until 24 April 2014, for a total price of $1.81 million, as the new contract had yet to be awarded. The new contract, for two helicopters, had been awarded to another company on 27 March 2014 for a price of $10.31 million for two years. We observed that the payment made on the old contract for the additional period of five months and 18 days had been $0.61 million higher than the price obtained under the new contract. We also observed that the solicitation process with respect to the new contract had been initiated only in October 2013. Therefore, had management commenced this process early enough to have the new contract in place by the time the old one expired, it could have saved $0.61 million.

120. The Procurement Division stated that the solicitation process with respect to the replacement contract had not been initiated until early October 2013, as the technical specifications had been received from the Department of Field Support in late September 2013.

121. Thus, delays in entering into new contracts for the chartering of aircraft to replace expiring contracts had resulted in avoidable expenditure of $3.46 million.

122. **The Board recommends that the Administration ensure that requisitions are sent to the Procurement Division in time, keeping in view the expiry of ongoing contracts, so that such contracts are not extended beyond their tenure.**

123. The Administration concurred with the recommendation and added that it was undertaking a pilot request for proposal that would change the requisition process.

Failure to obtain a performance bond commensurate with the contract price

124. Paragraph 15.7.3 (a) of the United Nations Procurement Manual, revision 7 (2013), stipulates that, before issuing an amendment to a contract that extends or increases its value, the procurement officer shall confirm that a satisfactory vendor performance report is on file, and any guarantee document (e.g., performance security) issued at the time of the original contract is reissued or modified, as appropriate.

125. A contract with a company for the provision of two medium utility helicopters was signed by Headquarters on 15 April 2014 for a price of $10 million. Under the terms of the contract, a performance bond had been obtained for $0.50 million, equivalent to 10 per cent of the first-year value of the contract. On 13 May 2014, the contract price had been increased by $5.48 million owing to the exercise of an option for the chartering of a third aircraft, for which the additional price for the first year was $2.84 million. However, a performance bond for $0.28 million (10 per cent of the increased price), had not been obtained from the contractor.

126. The Board observed that less than a month after the signing of the original contract, an amendment had been made whereby the value of the contract had been increased owing to the exercise of the option for the chartering of the additional aircraft. The value of the first year had been explicitly increased by the amendment. While we recognize that the Procurement Manual states that security instruments are not required for all solicitations or contracts and that all factors such as the cost of security compared with the perceived financial risk to the United Nations should be taken into account, the fact remains that in this case, a performance guarantee was deemed necessary and obtained from the vendor. However, the contractual requirement of 10 per cent of the first-year value was bypassed when, after less than a month, the number of aircraft required was changed and the contract amended without seeking a commensurate increase in the amount of the performance guarantee. Furthermore, paragraph 9.34.12 of the Procurement Manual suggests an amount of 10 per cent of the value of a contract to secure its performance, not 10 per cent of its first-year value. Such a dilution of the value of the performance bond undermines its value as a deterrent against non-performance.

127. At MONUSCO, we reviewed a sample of 9 out of 11 contracts and noted that the Mission had entered into a three-year contract on 7 May 2013 for the provision of food rations, bottled water, equipment and other services to the Mission at a cost of $250.4 million, with a performance bond of 10 per cent of the contract amount. On 15 November 2013 (six months later), amendments had been made to the contract, which had resulted in an increase in its value to $262.2 million. However, there had been no corresponding increase in the value of the performance bond.

128. The Administration stated that the need for a performance bond and the amount of the bond were determined on a case-by-case basis. It added that the content of the recommendation was already reflected in practice.

129. **While recognizing the need for some flexibility in seeking performance bonds, the Board recommends that the Administration review the guidelines for obtaining such bonds to ensure that they are adequate to secure the interests of the United Nations and result in the consistent application of provisions.**

Delay in effecting recoveries for deficient performance of a contract

130. At UNAMID, we noted significant delays in effecting recoveries under a contract for the supply of rations to the mission. While the recoveries related to the supply of rations from April 2009 to July 2013, action to effect the recoveries had been initiated only in August 2013 and recoveries for the 2009 period made only in September 2013, more than four years after the period to which they pertained. The correspondence initiated with the vendor had been few and far between, with gaps of more than a year between correspondence. The table below shows the delays in the recoveries made.

Table II.10

Delays in the recovery of deductions

Time taken to recover deductions	*Amount of deductions (United States dollars)*
More than 4 years	2 214 334
More than 3 years	3 244 677
More than 2 years	2 543 650
More than 1 year	2 813 583
More than 6 months	1 219 477
Less than 6 months	195 365

Source: Contract Management Section, UNAMID.

131. The Administration stated that the delays had been due to a contractual dispute on the interpretation of, and the calculation methodology used with respect to the attainment of, acceptable performance levels, which had led to protracted discussions, the verification of data and subsequent deductions in 2013. Meanwhile, UNAMID had implemented measures to ensure that recoveries of liquidated damages and other contract-related breaches were attained in a timely manner.

132. **The Board recommends that UNAMID review the control mechanisms in place to ensure that recoveries on account of liquidated damages and other contract-related breaches are effected in a timely manner.**

Failure to claim prompt payment discount

133. The contract between UNSOA and vendors for the supply of rations and fuel and the provision of commercial medical services stated that "The United Nations shall be entitled to a discount on the amount of any invoice or portion thereof paid within 30 days from receipt of applicable invoice".

134. The Board reviewed 148 of the 1,073 invoices for rations and fuel processed in 2013/14 and noted delayed payments totalling $37 million in respect of 122 invoices for the period, with the delays ranging from 3 to 174 days, as shown below.

Table II.11

Delayed payment of invoices

No. of invoices	*No. of days delayed*	*Prompt payment discount rate (percentage)*	*Total amount of invoices (United States dollars)*	*Discount amount (United States dollars)*
55	15-133	0.75	7 766 060	58 245
3	17-89	1.00	869 715	8 697
64	3-174	2.00	28 526 126	570 522
Total			**37 161 901**	**637 464**

Source: Vendor invoices and payments for 2013/14.

135. Had the amounts been settled within 30 days, UNSOA would have saved a total of $0.6 million in prompt payment discounts. Furthermore, the Board noted that the mission had not deducted discounts amounting to $87,192 from 26 invoices, valued at $5 million, although they had been paid within the 30-day time limit.

136. The mission stated that it would conduct a further review of invoice-processing to ensure that information relating to invoice deduction was captured and invoices were processed in a timely manner in order to take full advantage of prompt payment discounts.

137. At MONUSCO, an analysis of a sample of 11 contracts revealed that 5 did not include a provision regarding prompt payment discounts. Furthermore, the Mission had lost prompt payment discounts under six contracts, as payments had been delayed. For payments totalling $838.7 million, the Mission had received discounts totalling $0.65 million instead of $1.5 million, resulting in a loss of $0.85 million. The Administration stated that the loss due to the failure to take advantage of the discounts had been $62,040 and that this was attributable to technical problems experienced during the implementation of Umoja, not to inadequate management by the Mission. However, this was to be verified in audit.

138. The total amount of the discounts lost by these two missions alone was more than $1.53 million.

139. **The Board recommends that the missions: (a) develop a system that will enable them to capture and collect all types of discounts offered in the contract; and (b) ensure coordination between the different sections within the missions so that invoices are processed within the specified time frame to secure prompt payment discounts.**

Extension of lease agreements contrary to recommendations of local committee on contracts/Headquarters Committee on Contracts

140. On 11 August 2011, the local committee on contracts recommended the hiring of office space for the Khartoum Liaison Office. The Headquarters Committee on Contracts, at its meeting held on 25 August 2011, recommended the leasing of office space for a period for two years and 10 months, from September 2011 to June 2014, with an option to extend the lease contract for two additional one-year periods subject to the condition that UNAMID obtain its recommendation and the subsequent approval of the Assistant Secretary-General for Central Support Services before exercising that option. It also recommended that UNAMID conduct market research and consider the option of constructing its own campus on the land offered by the Government well before the expiration of the initial term of the contract. The Committee stated that it was not convinced as to the reasonableness of the increase in rent under the optional one-year extensions, and therefore that UNAMID should resubmit the case on whether the rental rate was competitive on the basis of a market survey and include the option of constructing its own compound on the land offered by the Government.

141. However, without complying with the stipulations of the Headquarters Committee on Contracts or completing a market survey, the mission extended the lease contract for three months, from July 2014 to September 2014, with an incremental lease consideration of 10 per cent. The total cost of the three-month extension was $110,550.

142. The mission stated that the finalization of the market survey and cost-benefit analysis had been delayed, but that there had been a continued need for the leased offices in Khartoum. The extension had been approved by the Director of Management Support on an exceptional basis for three months, allowing the joint

market survey exercise that had been initiated in May 2014 to be completed and enabling procurement to make a formal recommendation to the review bodies (the local committee on contracts/Headquarters Committee on Contracts) for the long-term contract.

143. The Administration stated that the extension of the lease, which had increased the previously approved not-to-exceed contract value by less than 20 per cent, or $500,000, was in accordance with paragraph 1 (b) of section 12.3 of the Procurement Manual, which states that the recommendation of the Headquarters Committee on Contracts is mandatory if the amendment increases the previously approved not-to-exceed value by more than 20 per cent, or $500,000. It added that UNAMID had finalized and submitted the results of the market survey and the cost-benefit analysis to the Committee by December 2014 and that the extension was therefore an interim measure within the delegated authority of the mission.

144. The Board considers that since the Headquarters Committee on Contracts specifically stipulated that its recommendation and the subsequent approval of the Assistant Secretary-General for Central Support Services should be obtained before the lease contract was extended, given its reservations as to the reasonableness of the increase in rent, the mission should have reverted to the Committee, explaining why it could not comply with its recommendations. Furthermore, the results of the cost-benefit survey and the deliberations of the Committee thereon were not presented for audit.

145. Furthermore, rule 105.13 (c) of the Financial Regulations and Rules of the United Nations stipulates that where the advice of a review committee is required, no final action leading to the award of a procurement contract may be taken before such advice is received. In cases where management decides not to accept the advice of the review committee, the reasons for that decision shall be recorded in writing. Hence, the action of management in not responding to the observations of the Committee before extending the lease agreement was not in consonance with this rule.

146. The Board also identified a very similar situation in which the local committee on contracts had expressed reservations with respect to extending the lease agreement on a guest house in Khartoum. The agreement, signed on 1 February 2008, had provided for the leasing of a guest house for the Joint Special Representative at a monthly rate of $8,500, initially for a period of one year. At that time, UNAMID headquarters was located in Khartoum, and it has since been relocated to El Fasher. In June 2013, the committee had requested the mission to provide justification for its continued leasing of the property, bringing out its cost-effectiveness. However, the lease had been extended until September 2014 without a response to the committee's request. A total of $725,900 had been paid or committed for the period from February 2008 to June 2015 for the leasing of the guest house.

147. The Administration stated that it was not within the purview of the local committee on contracts to question the necessity of the requirement.

148. The Board acknowledges that operational exigencies may require delegations of authority to be exercised and that the role of the local committees on contracts is advisory. However, that role, as stated in the Procurement Manual, is to "provide general advice regarding the financial, commercial, operational implications of any proposed procurement action, comment where appropriate as to whether, in its view, the proposed action, inter alia, is in the best interest of the United Nations, and

advise whether the proposed procurement case is appropriate". These committees therefore provide important external scrutiny of procurement actions to promote transparency, accountability and adherence to the extant rules and regulations. The Board considers that the role of the Headquarters Committee on Contracts/local committee on contracts needs to be both clearly defined and strengthened so that they can achieve their purpose of ensuring transparency, accountability and adherence to the procurement rules and regulations.

149. The Administration (Department of Field Support) stated that administrative instructions and the Procurement Manual already provided adequate guidance regarding the role of the committees. The Department of Management added that it supported the development of guidelines by missions but that, since the recommendations were made to decision makers, the guidelines should refer to compliance with decisions made by the decision makers, not the recommendations.

150. **The Board recommends that the provisions in the Procurement Manual be reviewed to strengthen the role of the local committee on contracts/Headquarters Committee on Contracts as an effective internal control mechanism and to ensure best value for money, accountability and transparency in procurement decisions.**

8. Regional Procurement Office

151. The Regional Procurement Office, established in Entebbe, Uganda, is intended to be a cost-neutral pilot project. It is part of the Procurement Division and reports to the Chief of the Field Procurement Service. The Office undertakes both joint acquisitions and mission-specific procurements. Whereas joint acquisition is intended to consolidate common requirements of individual missions into a regional system contract to achieve economies of scale, mission-specific procurement is undertaken for high-value or technically complex requirements of individual missions. The Office is expected to streamline the acquisition process by reducing lead times, provide technical assistance to the missions, provide standby procurement capability for mission start-up in the region, and serve as a procurement training hub for the region.

152. In 2013/14, the Regional Procurement Office entered into 59 contracts with a total value of $205.10 million. Furthermore, a framework policy for the Office and a standard operating procedure for a joint acquisition plan and service level agreement listing timeline targets for each stage of the acquisition process were prepared.

Joint acquisition plan

153. According to the Procurement Manual, an annual joint acquisition plan should specify, inter alia, an estimated quantity (number of units) or term (number of months or years) and the date or quarter during which the goods are required to be delivered or the services or work is required to commence and be completed. The Board noted that these elements were missing from the joint acquisition plan for 2013/14, which undermined its utility.

154. Even at the end of August 2014, the joint acquisition plan for 2014/15 was still not ready. More important, there was no target date for the finalization of the plan. Management gave no reason for the delay. The delay in the finalization of the joint acquisition plan will result in delayed procurement processes, which may in turn contribute to the underutilization of allocated budgetary resources and have an adverse impact on the ability of the missions to carry out their functions.

155. Furthermore, joint acquisition plans are to be developed annually to identify, inter alia, mission-specific requirements to be met by the Regional Procurement Office. We noted that the annual mission-specific plans were not being generated as the joint acquisition plan was being developed.

156. **The Administration accepted the Board's recommendation that: (a) the missing elements be incorporated into the joint acquisition plan; (b) definite target dates be set for the finalization of the joint acquisition plan and, in any case, the plan should be finalized before the start of the fiscal year; and (c) the annual planning process result in the preparation of mission-specific plans in addition to the joint acquisition plan.**

Underutilization of regional systems contracts

157. The Board noted that the underutilization of regional systems contracts had continued in 2013/14, even after the issue had been raised in previous reports of both the Board (A/68/5 (Vol. II)) and OIOS (2013/107). The average utilization rate was just 32 per cent.

158. While the Regional Procurement Office had taken several initiatives to improve utilization, such as involving mission chiefs in the joint acquisition plan finalization and approval process, issuing prerequisite guidelines in the form of internal memos from mission chiefs and interacting regularly with missions on contract utilization, there was no obligation on the missions to utilize the contracts in accordance with their projected requirements.

159. One of the primary objectives of the Regional Procurement Office is to consolidate the common requirements of individual missions into a regional systems contract to achieve economies of scale. That objective is not achieved if regional systems contracts are not utilized by missions.

160. **The Board recommends that the Procurement Division take concerted action to improve the rates of the utilization of regional systems contracts by missions. Where there are such contracts, the missions should normally be prevailed upon to utilize them.**

161. The Administration stated that it did not accept the recommendation, as the utilization of regional systems contracts was under the purview of the missions. However, the Procurement Division had taken a supporting role in practice in order to improve utilization rates.

162. The Board considers that effective steps are required to ensure that regional service contracts, where available, are utilized by the missions if the objective of achieving economies of scale is to be achieved.

9. Vehicle fleet management

163. The net book value of the vehicles owned by peacekeeping missions was $325 million as at 30 June 2014. This constituted 24 per cent of total property, plant and equipment.

Excess holdings of light passenger vehicles

164. The Board, in its report for the period from 1 July 2011 to 30 June 2012 (A/67/5 (Vol. II)), identified the existence of light passenger vehicles at several

missions above the entitlements specified in the Standard Cost and Ratio Manual and recommended that the Department of Field Support carry out a thorough review of vehicle entitlements to identify the scope for savings. According to the report of the Secretary-General on the implementation of the recommendations of the Board (A/68/751), the target date set for the implementation of that recommendation was the first quarter of 2014.

165. The Board noticed that several missions were still holding vehicles in excess of their projected holdings. Details regarding the missions at which holdings of light passenger vehicles were in excess of 10 per cent as at 30 June 2014 are shown below.

Table II.12
Light passenger vehicle holdings of missions

	Holdings			
			Excess	
Mission	*Projected 2013/14*	*Actual*	*No*	*Percentage*
MINUSTAH	837	1 057	220	26
UNAMID	1 704	2 326	622	37
UNDOF	197	222	25	13
UNMIL	572	719	147	26
MONUSCO	1 618	1 792	174	11

Source: Data provided by management.

166. The Administration stated that MINUSTAH would review its current light passenger vehicle plan to minimize excessive allocations and that 74 vehicles had been withdrawn. The process of writing off vehicles that had exceeded their life expectancy had been initiated. Furthermore, while the transfer of the excess vehicles at UNAMID to MINUSMA had been planned, owing to the cost of shipping, it had been decided to keep them in local reserve. UNAMID was catering to the newly established UNMEER, and 400 vehicles were being transported to West Africa. In addition, the excess vehicles of UNDOF were scheduled for shipment to UNMEER. UNMIL was considering the possibility of transferring some of its excess vehicles to UNMEER. At MONUSCO, most of the excess vehicles had exceeded their life expectancy and the write-off process had been initiated.

167. While we note the efforts of the Administration in this regard, the fact remains that three missions held more than 25 per cent excess vehicles and another two more than 10 per cent, even after the date in the first quarter of 2014 set by management for the implementation of the recommendation referred to above.

168. **The Board reiterates its recommendation that the Administration continue its efforts to eliminate excess holdings of light passenger vehicles.**

10. Fuel management

169. Petrol, oil and lubricants constitute a major item of expenditure for peacekeeping operations. The expenditure incurred for fuel in 2013/14 was $531 million, which represented an increase of 10 per cent compared with the expenditure of $484 million incurred during the previous year. Efficient fuel

management is therefore an important element in ensuring optimal utilization of resources.

170. Fuel supply contracts provide for a discount of 0.5 per cent of the invoice amount to the mission for the prompt payment of fuel bills. The Board noted the following:

(a) At MINUSMA, the total payment made to suppliers in 2013/14 for fuel had been 12,019,091,226 CFA francs ($25.23 million).[2] However, the mission had lost prompt payment discounts amounting to $126,150. The Mission stated that shortages of staff in relevant sections and the transition to Umoja had delayed the payment process;

(b) At UNISFA, the Board sought details regarding the payments made to fuel suppliers in 2013/14. However, information relating to only 152 transactions, involving the payment of $8.07 million, pertaining to the period from September 2013 to February 2014 was provided. The mission had been able to claim prompt payment discounts in only 51 of the 152 transactions (34 per cent). In the remaining 101 transactions, payments had been made 64-203 calendar days after the date of submission of the invoices. The average time taken to process these 152 bills had been 76 calendar days. Consequently, the mission had lost $27,472 as a result of the prompt payment discounts forgone in these transactions. The Administration attributed the delays to the transition from the Sun system to Umoja;

(c) At UNAMID, while prompt payment discounts totalling $113,285 had been claimed during the period from 1 July 2013 to 16 October 2013, the mission had lost an amount of $21,447 during that period. During the subsequent period from 17 October 2013 to 30 June 2014, it could not recover prompt payment discounts totalling $361,299 owing to the difficulties encountered in the payment process introduced with the implementation of Umoja, under which payments were made from the cash pool managed by the United Nations Treasury rather than from the mission's bank account. The total amount of the discounts lost during the period from July 2013 to June 2014 was thus $382,746.

171. Hence, the total amount of the discounts forgone in the above-mentioned instances across the three missions that were test-checked during our audit alone was $536,368.

172. **The Board recommends that payment procedures be streamlined so that prompt payment discounts may be claimed. There should be strict timelines for the processing of fuel bills, coupled with robust mechanisms for the monitoring of those timelines.**

173. Concurring with the recommendation, the Administration stated that the non-utilization of the prompt payment discounts had occurred during the transition to Umoja. MINUSMA had made proposals to augment the number of staff to improve the processing of fuel invoices and had introduced the electronic fuel management system to make the invoice verification process more efficient. UNAMID had also acted on the recommendation and streamlined its procedures.

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[2] Using the average conversion rate of 476.330 CFA francs to 1 United States dollar.

11. Air transportation

Underutilization of air resources

Underutilization of budgeted flight hours

174. The Board had noted in its previous report (A/68/5 (Vol. II)) that about 13 per cent of budgeted flight hours had not been utilized. It had recommended that the Administration strengthen aviation management by improving the link between planning assumptions, operational requirements and contractual/budgeting processes based on the development of an effective performance measurement framework. The Administration had stated that the implementation of the aviation information management system could address the monitoring of air resources utilization. The system was being piloted at MONUSCO, UNMISS and UNISFA through January 2014, and full roll-out to all missions was scheduled to take place between February and April 2014. According to the report of the Secretary-General on the implementation of the recommendations of the Board (A/68/751), the target date for the implementation of that recommendation had been set as the second quarter of 2014.

175. The underutilization of flight hours across the missions worsened from 13 per cent during the previous year to 20 per cent in 2013/14. Only 102,506 of the budgeted 128,440 hours were utilized. The major instances of underutilization occurred at UNISFA, UNAMID and UNMISS.

176. **The Board recommends that the Administration closely monitor the implementation of the aviation information management system, not only at the three pilot missions, but subsequently across all missions, and obviate any further slippages.**

177. The Administration stated that the aviation information management system had been operational at MONUSCO, UNMISS and UNISFA since November 2014. The system will be rolled out to the remaining missions during the first half of 2015.

Mismatch between flight hours at missions and those required

178. The relevant standard operating procedure defines "no flight required" (NFR) days as days on which a mission has no task for a particular aircraft but the flight crew and the aircraft are available for tasking. This is distinct from "not available" (NA) days, on which an aircraft is not available for tasking. The Board noted a mismatch between the flight hours available to missions and those actually required or utilized by them as reflected in NFR days, as follows:

(a) In 2013/14, the number of NFR days for most of the aircraft at MINUSTAH had ranged from 31 to 182, while the total number of NFR days for 10 aircraft had been 1,282, equivalent to 52 per cent of the 2,455 net days on which the aircraft had been in support;

(b) At MONUSCO, there had been a total of 16,973 days on which its aircraft had been available to support the Mission's operations. Of the available days, the mission had recorded 3,862 NFR days, equivalent to 23 per cent of the total days on which the aircraft had been in support;

(c) At UNISFA, the proportion of NFR days had ranged between 36 and 78 per cent in respect of 5 of the mission's 14 air assets.

179. The large numbers of NFR days may be attributable simply to excess capacity in terms of the numbers of aircraft deployed at the locations in question. There was evidently scope for better assessment by field missions of their actual air resources requirements and for optimization in terms of both numbers of aircraft and the utilization of those made available. Given the costs of the hiring and operation of aircraft, there is obvious potential for significant cost savings.

180. The Administration stated that air tasking was based on the specific nature of the task and operational requirements of missions. In order to provide uninterrupted air support, not all air assets would be utilized optimally at all times. As part of a continuous review of its utilization of air assets, MONUSCO had terminated four helicopters and six aircraft, including four military reconnaissance aircraft, in 2013/14. MINUSTAH would carry out an analysis to establish the aviation fleet required in order to meet existing demands.

181. **The Board recommends that the Administration carry out a trend analysis of the utilization of air resources by missions to determine the optimum size and composition of the aviation fleet required without compromising operational parameters.**

Unutilized air payload and passenger capacity

182. The Board's review found that the utilization of payloads was low with respect to both passengers and cargo, as follows:

(a) At MONUSCO in 2013/14, there had been 63 air assets, composed of 34 military and 29 civilian aircraft. We reviewed a sample of 15 civilian aircraft and noted that 13 had had a low average annual passenger capacity utilization rate of 50 per cent and 12 had had an average annual payload utilization rate of 19 per cent;

(b) MINUSMA had carried out 2,785 sorties to transport 48,825 passengers and 817 sorties to transport 1,070 tons of cargo to field units in 2013/14. Capacity utilization with respect to passengers had been less than 50 per cent. The Administration stated that air assets had been deployed on an ad hoc basis during the start-up phase of the Mission and that MINUSMA had now taken action to optimize their deployment;

(c) At UNISFA, the average number of passengers transported in air assets had ranged between zero and 16 and the average weight of the cargoes transported had ranged between zero and 5 metric tons per sortie. The mission stated that it had put in place measures to periodically review the weekly flight schedule, and it expected that improved optimization would be reflected in 2014/15. The Administration added that the low utilization rate was a result of the suspension of the Joint Border Verification and Monitoring Mechanism and the fact that some of the cargoes transported would have had high volume but low weight.

183. **The Board recommends that missions analyse flight needs and flight schedules to maximize passenger and cargo payload per flight in order to improve aircraft capacity utilization and efficiencies and thereby reduce costs with respect to air transport.**

184. The Administration stated that UNISFA had acted on the recommendation to carry out a realistic assessment of the number of air assets required based on past patterns, including a buffer to meet emergent needs. UNISFA would reduce its fleet

by one rotary-wing aircraft upon the completion of the construction of the runway at Abyei. MINUSMA had also acted on the recommendation, replacing a C-160 aircraft with a more capable C-130. It was also in the process of planning joint mission coordination of passenger and cargo movement to enhance the flight request process and to improve cargo efficiency. MONUSCO was also analysing its flight needs and flight schedule in terms of operational requirements.

Strategic planning and coordination for strategic flights

185. As part of the global field support strategy, the Global Service Centre in Brindisi, together with the United Nations Support Base in Valencia, represents the Organization's response to the requirement for better, faster, more efficient and cost-effective services for field operations. The Strategic Air Operations Centre is an important part of the Centre that carries out the global tracking of all strategic, out-of-mission-area and inter-mission air movements for United Nations aircraft on long-term charter assigned to field missions, ensuring that such aircraft are deployed according to the Secretariat's concept of global fleet utilization to ensure fleet optimization.

186. The Strategic Planning and Coordination Unit of the Strategic Air Operations Centre is responsible for exploring possibilities for economies and efficiencies in strategic air operations tasking, planning and coordination without undermining safety and operational requirements. Its main responsibilities are task assessment and pre-flight analysis for all strategic/out-of-mission-area flights. After the completion of every strategic flight, the Unit is required to perform a post-flight analysis that can be used as a basis for monthly reports to the Chief of the Centre. On the basis of lessons learned, the Unit recommends the future tasking of air missions.

187. There were 137 strategic flight requests to the Strategic Air Operations Centre during the period from July 2013 to June 2014. The Board noted that:

(a) Task analysis had been carried out in respect of only 21 of the 137 requests. The main reason given was the late receipt of requests from missions and the Department of Field Support. Eighty-eight of the 137 requests had been made within four days of the flight operation. Of these 88 requests, 19 had been made on the same day of the operation, and in 6 cases the request had been made after the operation had taken place. Thus, the Strategic Planning and Coordination Unit had had to go by missions' requests, not having been in a position to undertake its own analysis, taking into account means that were efficient, cost-effective and responsive to operational needs;

(b) Post-flight analysis had not been carried out with respect to any of the 137 strategic flights. This was attributed to the non-completion of the post-flight analysis checklist by the missions. The checklist, requiring important data such as actual flight schedule, after-mission report, actual passenger/cargo information, fuel uplifts, actual crew expenses, actual ground handling charges and navigational charges, had not been available in any of the strategic flight folders. Consequently, even basic efficiency owing to knowledge of locations where cheaper fuel was available could not be realized.

188. Hence, the Strategic Planning and Coordination Unit had been unable to achieve its objective of economies and efficiencies in the tasking, planning and coordination of strategic air operations.

189. **The Administration agreed with the Board's recommendation that it: (a) ensure strict adherence to the time frames for sending requests so as to enable the planning of efficient and cost-effective flight options; and (b) ensure that a post-flight analysis checklist is provided to the Strategic Air Operations Centre for better future tasking.**

Cost of flight operations

190. One of the important functions of the Strategic Air Operations Centre is to utilize operational data and recommend appropriate courses of action to maximize the utilization of United Nations air assets and thus reduce the costs of operations. In order to achieve a reduction in the overall costs of operations, it is necessary to have accurate data in respect of those costs and examine how they compare with the costs of the aviation industry in the same region, United Nations organizations carrying out similar operations and different United Nations missions.

191. An analysis of data for the period from July 2013 to June 2014 relating to the average costs of flights per hour with respect to aircraft of MINUSMA, UNAMID, UNISFA and UNMISS revealed wide variations in those costs for the same kinds of aircraft, as follows:

(a) The average cost of flights per hour in respect of CRJ-200 aircraft had been $2,541 at UNMISS, $4,661 at UNAMID and $5,167 at UNISFA. The cost per hour in the case of CRJ-200 aircraft at UNISFA had been more than twice that at UNMISS;

(b) The average cost of flights per hour in respect of B1900 aircraft had been $2,021 at UNISFA and $3,051 at UNAMID. The cost per hour in the case of B1900 aircraft at UNAMID had been around 51 per cent more than that at UNISFA.

192. The Board also noted huge differences in average cost per hour in respect of the same aircraft operated by different carriers for the same mission. The average cost of flights per hour in respect of an MI-8 helicopter at MINUSMA had been $3,083 for one carrier, while it had been $5,444 for another. The hourly rate for the same type of aircraft at UNAMID had been $2,484.

193. The Board observed that while there could have been variations given the different operating conditions and fuel and maintenance facilities involved, no analysis had been undertaken to ascertain the reasons for such wide variations and establish economy of operations, even when the same types of aircraft had been operating under similar circumstances.

194. **The Board recommends that the Strategic Air Operations Centre undertake a thorough cost analysis of United Nations fleet operations to identify areas where efficiencies can be achieved.**

195. The Administration stated that the Global Service Centre would analyse the costs of peacekeeping air operations to identify areas where efficiencies could be achieved, and that the methodology for such analysis would be submitted to the Strategic Project Oversight Committee for approval prior to its official roll-out.

12. Management of construction projects

196. The Board, in its report for the financial period ended 30 June 2013 (A/68/5 (Vol. II)), had recommended that the Administration: (a) expedite the promulgation

of governance guidelines for major construction projects; and (b) obtain timely status reports on projects in missions to facilitate effective project monitoring and intervention. According to the report of the Secretary-General on the implementation of the recommendations of the Board (A/68/751), the target date for the implementation of this recommendation had been set as the second quarter of 2014.

197. The Board noted that both parts of the recommendation had been implemented, with the governance guidelines for major construction projects having been approved with effect from 1 October 2014 and with management having obtained quarterly status reports from the missions. We noted, however, that the reports received so far were incomplete and did not enable effective monitoring. Of the 37 projects at the active missions, the status reports did not contain the targeted dates of completion for 15. Hence, it was not possible to ascertain from the status reports whether those projects had been delayed. Furthermore, in 16 of the 37 projects, the current status was either identified as "unknown" or blank. Four projects had been delayed more than one year. Thus, while status reports were presumably being obtained, their purpose as an instrument for effective monitoring had yet to be achieved.

198. **The Board recommends that the monitoring of construction projects be further strengthened and that missions be advised to submit their reports with all details so as to enable effective monitoring and redress of any impediments to the timely completion of the projects.**

199. Concurring with the recommendation, the Administration stated that it was committed to ensuring that further improvements are achieved in its construction management.

Delays in ongoing projects

200. The Advisory Committee on Administrative and Budgetary Questions, in its relevant reports to the General Assembly (A/66/718/Add.12 and A/67/780/Add.18), had expressed concern over the low rate of implementation of construction projects at UNISFA and recommended against the requested increase in resources for construction projects. The Advisory Committee also expected the mission to supervise all construction projects closely to ensure that they were completed on schedule.

201. The Board noted that three of the four ongoing construction projects at UNISFA[3] were well behind schedule, with between 35 and 60 per cent of the expected progress having been made. The mission attributed the delays to heavy rains and the security situation. We noted, however, that although rain was a regular feature of Abyei for almost six months out of the year, it had not been factored into the work schedule. Furthermore, three of the four construction contracts had been scheduled to start at the beginning of the rainy season.

202. UNISFA stated that it had taken into consideration all necessary factors in formulating the work schedule. Although the technical proposal had been submitted on time, its final approval and the procurement process had been unduly delayed,

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[3] The provision of earthwork construction services to UNISFA; the construction of an airstrip, taxiway and apron at Anthony-Abyei; the construction of water wells for UNISFA; and water-well-drilling and the installation of a water pump at Tajalei and Highway camp, Abyei.

and the initiation of the projects had ultimately coincided with the start of the rainy seasons.

203. Hence, lack of realistic planning as well as inadequate appreciation of realities on the ground in the processing of the construction approvals had resulted in the delays in the projects. This had been exacerbated by lack of effective coordination between different sections within the mission, such as the Engineering and Procurement Sections.

204. The construction plan of UNISFA for 2013/14 consisted of 11 projects costing $10.95 million, provided for in the original budget, and an additional 15 costing $10.90 million, provided for in the revised budget, for a total budgetary provision of $21.85 million for the year. The Board reviewed the implementation of these projects and noted that, except for one[4] valued at $250,000, none of them had been commenced in 2013/14. We selected a sample of 10 construction projects and observed the following:

(a) There had been long delays in the processing of proposals for technical clearance and procurement in four projects. The time taken for technical clearance had ranged from more than 4 to 10 months. Thereafter, these projects had been pending solicitation for periods ranging from more than 4 to 9 months. Such delays indicated a lack of efficiency on the part of the technical sections and in the procurement process;

(b) Three projects had been delayed owing to the non-identification of a site on account of the non-finalization of the design for the expansion of Abyei headquarters camp;

(c) One project had been delayed owing to a bottleneck with respect to the supply of materials, which was attributed to the issue of the security of Sudanese contractors entering Abyei;

(d) One project had been postponed owing to "other priorities", meaning that another project that had not been on the original priority list had been prioritized for budgetary approval;

(e) One project had been postponed owing to a change in requirement upon the approval of the Joint Border Verification and Monitoring Mechanism concept, which had been an unforeseen circumstance.

205. The slow implementation of these projects was affecting UNISFA in several ways. Delay in the construction of the perimeter security fence posed a potential security hazard that would render the mission compound vulnerable to entry by unauthorized persons. Delay in the maintenance of roads resulted in slushy conditions during the rainy season, causing serious problems for vehicular and pedestrian movement as well as poor hygiene and sanitation on the premises. The majority of staff were living in containers without washrooms owing to a delay in the construction of staff accommodation, and there was no method of garbage disposal and treatment owing to a delay in the construction of garbage dumps.

206. As at 5 May 2014, UNMISS had undertaken 62 projects that were to be completed by June 2014. We reviewed 18 of these projects and noted that 4 had

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[4] Site preparation work for the Joint Border Verification and Monitoring Mechanism sector headquarters at Kadugli.

achieved between 65 and 75 per cent of the progress expected, 6 had achieved between 14 and 45 per cent and 8 had not even been commenced. While security was cited as the reason for the non-commencement of five of the projects, no reason was given for the slow progress made in respect of the others. The scheduled time frames of 12 of the 18 projects ranged from 6 to 23 months, while either the start dates or the planned finish dates were not mentioned with respect to the remaining 6. The non-completion or delayed completion of its planned projects may not only adversely affect the ability of UNMISS to deliver on its mandate, but also lead to cost escalation.

207. UNMISS did not undertake any new projects in 2013/14, although six projects were included in the budget provision for 2013/14, at an estimated cost of $16.70 million. These budgeted funds were subsequently expended on engineering support to address the December 2013 crisis.

208. UNMISS stated that it suffered from myriad impediments, including security, the environment, weather and the supply chain, that had affected the implementation of its work programme. Thus, the budgeted plan would invariably not match the actual plan. In particular, the financial year 2013/14 had been a case in which the country dynamics had resulted in a major change to engineering plans to support the incoming troop surge. The Mission was aware of its deficiencies in project management and contract management capacity, and it was attempting to provide better oversight and apply more due diligence in its project and contract management processes.

Delays in procurement and non-utilization of equipment

209. At UNISFA, we noticed that significant expenditure had been incurred for the procurement of materials in respect of two projects: (a) the construction of elevated water tanks in Abyei, at a budgeted cost of $700,000; and (b) camp construction (prefabricated units) at Abyei camp, at a budgeted cost of $3.5 million. Although a total amount of $3.65 million had been spent on the purchase of materials for these projects, the work had not progressed and the workplans in respect of the projects were uncertain. In the first project, the tanks had been acquired in May 2013, whereas in the second the materials had been acquired in March 2014. Such idle storage of materials will result not only in the blocking of funds amounting to $3.65 million, but also in deterioration in the quality of the materials procured. Our verification of the details of these procured items in Galileo revealed that the water tanks had depreciated by $151,200 (36 per cent of invoice value), the prefabricated units by $550,724 (35 per cent of invoice value) and the generators by $99,644 (15 per cent of invoice value). Total depreciation amounted to $801,568, with none of the assets having been put to use.

210. UNISFA attributed the delay to a lack of concrete aggregates in the first case and the non-identification of proper space for the camps in the second. We also noted that the mission had not conducted any feasibility studies on the viability of these projects before undertaking them. Hence, it is evident that there had been no proper planning with respect to the raw materials required and their availability, in the first case, and the assignment of required space, in the second, before the project proposals were submitted for budget approval.

211. **The Board recommends that: (a) missions strengthen their procedures for the planning and implementation of construction contracts to factor in all**

foreseeable environmental and security factors that may impinge upon the execution of the work; (b) a proper feasibility study be conducted and a detailed project report prepared before project timelines are proposed; and (c) completion dates be realistic and practical so as to avoid the possibility of slippage in the stipulated schedules.

212. The Administration stated that UNISFA had acted on the recommendation related to the strengthening of procedures for the planning and implementation of construction projects. The mission was considering a requirement of obtaining technical clearance from the Global Service Centre for construction projects with values exceeding $1 million. Furthermore, UNISFA had established a task force to ensure the timely implementation of engineering projects. Insofar as UNMISS was concerned, demands had far outstripped its capacity and immediate requirements had taken precedence over planned projects. UNMISS had established various mechanisms for the review and approval of construction projects before they were implemented.

Deficient contract management

213. Performance security serves to ensure performance by the contractor of its obligations under the contract and compensates the Organization in the event of any failure by the contractor to perform those obligations. We noted that a performance security clause was included in the contracts for only two of the four ongoing projects: (a) the provision of earthwork construction services; and (b) the construction of an airstrip at Abyei. The requirement of a performance bond was not included in the contracts for the other two projects: (a) the construction of water wells; and (b) the provision of well-drilling services at eight sites.

214. The contractor that had been awarded the work of providing well-drilling services was not able to dig borewells, resulting in a delay in the deployment of troops in Gok Machar. A provision for performance security may have acted as a deterrent against the non-performance of the contract.

215. UNISFA stated that a risk assessment determined the extent to which various security provisions needed to be incorporated into a contract. It added that the possibility of obtaining a performance bond from a reliable financial institution was very limited or simply non-existent in certain countries in the region where bidders were located and operated. In addition, a bond had an adverse impact on the bidders' cash flow. Therefore, applying such provisions might have a negative effect, as bidders would not be able to or would simply choose not to participate in the solicitations, thereby reducing the level of competition, to the detriment of the Organization.

216. Similarly, again at UNMISS, a contract had been signed in February 2013 for the construction of 200 staff accommodation units in Juba, at a total cost of $13.38 million. The terms required the contractor to submit a performance bond of $1.37 million (10 per cent of the total contract value), and the project was to be completed by February 2014. However, in April 2014 the contract had been amended to provide for the additional work of steel-coil roofing for 170 accommodation units at a not-to-exceed cost of $425,000. But the value of the performance bond had not been enhanced commensurate with this increase in the total value of the contract.

217. Only 32 per cent of the project had been completed, and the balance was at different stages of completion as of June 2014. The total expenditure incurred under the project as at 30 June 2014 was $4.5 million. Management informed the Board that the project had been delayed owing to funding constraints and that the contract was expected to be completed by December 2014. Correspondence also revealed that at the time of the signing of the contract, in February 2013, it had been agreed with the contractor that the actual commencement date would be July 2013, with a completion period of 18 months. However, a copy of the formal amendment letter changing the completion period in the contract was not provided for audit. Such inconsistencies in contract-signing undermine the ability of UNMISS to enforce its terms and ensure due performance.

218. The Board considers that performance security clauses should generally be included in contracts to protect the interests of missions and ensure due performance by contractors.

219. The Administration stated that the content of the audit observation was already reflected in practice. Guidance was provided in the Procurement Manual, and the United Nations already had templates for service contracts including these provisions that were standardized and in use. The Procurement Division used them and, in its opinion, missions should also use them. The Department of Field Support added that the Procurement Manual allowed for discretion in the use of performance security clauses based upon risk analysis and the professional judgement of the Chief Procurement Officer.

220. The Board acknowledges that the Procurement Manual contains provisions relating to performance security and liquidated damages. However, these are not uniformly or consistently applied by the missions with respect to all equipment and service contracts, which undermines their ability to ensure the due performance of contractual terms.

221. **The Board recommends that the Administration conduct a review of current arrangements across peacekeeping missions to ensure consistent application of the requirements for performance security to protect the interests of the Organization.**

13. Quick-impact projects

222. Quick-impact projects are small-scale, rapidly implementable projects of benefit to the local population. These projects are used by United Nations peacekeeping operations to establish and build confidence in the mission, its mandate and the peace process, thereby facilitating an environment conducive to effective mandate implementation. In accordance with the policy of the Department of Peacekeeping Operations and the Department of Field Support on quick-impact projects, senior mission management shall establish a maximum budget for individual quick-impact projects, which should not exceed $50,000 unless prior authorization has been obtained from the United Nations Controller in that regard.

223. The Board noted delays and deficiencies in the implementation of quick-impact projects by various missions that undermined their objectives, as detailed in the paragraphs below.

MINUSMA

224. At MINUSMA, 21 quick-impact projects had been approved for implementation in 2013/14, with an outlay of $879,167. The time frames for their implementation had ranged from one week to six months. As at 30 June 2014, only one project had been completed, although the Mission had disbursed $476,055 to the implementing partners for the execution of the projects.

225. Of the 21 projects, 17 had been commenced after periods of between two and nine months from the project approval dates. The delays were attributable to both external factors, such as the volatile security situation in northern Mali, difficult logistics, a limited number of service providers and a lack of experienced local partners, and to internal factors, including a lack of specialized expertise at the beginning stages of the Mission, the absence of a specific and adequate procedure for rapid payment processing, particularly following the adoption of the Umoja system, and limited availability or non-availability of technical engineering services to assist with quality control in terms of project design and execution.

226. According to the guidelines on quick-impact projects, an annual evaluation of the overall quick-impact project programme should be carried out by a project review committee at the mission to determine whether the projects were implemented in areas relevant to the mission's mandate of stabilization and recovery, to promote trust and support on the part of the local population. The mission had yet to carry out an annual evaluation of the projects.

UNISFA

227. In the budget of UNISFA for 2013/14, a provision of $250,000 had been made for the implementation of 10 projects, of which 5 were for the rehabilitation of classrooms, the provision of furniture and the repair of sanitation facilities, and 5 were for the rehabilitation of health clinics and the provision of clinic furniture. However, the mission had undertaken six different projects, of which two were for the drilling of new boreholes, two for the supply and installation of an elevated steel tank and the fencing of water yard, and the remaining two for the provision of grinding mills. The reasons for deviating from the number and the purposes of the projects specified in the budget were not found to have been documented.

228. Of the six quick-impact projects undertaken by the mission, two were for the drilling of boreholes (each costing $47,454) at Goli and Um Harieth, and two were for the supply and installation of an elevated steel tank and the fencing of water yard (each costing $45,633) at those locations. Each of the four projects had been handed over to the same implementing agency. Evidently, they were not four separate projects, but parts of the same project at those locations. Its objective was to drill boreholes and install an elevated steel tank for water storage at Goli and Um Harieth at a total cost of $93,087. As the cost of the project exceeded $50,000, it had apparently been split into two parts to obviate the need to seek the approval of the Controller. This action had been contrary to the principles of financial propriety and had undermined financial controls.

229. According to the policy of the Department of Peacekeeping Operations and the Department of Field Support, a small quick-impact project management team should be constituted, including, at a minimum, a dedicated programme manager and administrative assistant. Where possible, missions should allocate engineering

expertise to the team and appoint a focal point within the engineering section to review and provide technical support for the projects. We found that a quick-impact project management team had not been constituted at the mission and that the implementation of quick-impact projects had been entrusted to military staff personnel who managed such projects in addition to carrying out their regular duties. The lack of a dedicated team may affect the effective and efficient implementation of such projects.

230. According to the policy of the Departments, the project funds for quick-impact projects shall be provided to the implementing agency in a minimum of two instalments. The project review committee may establish the number and sequencing of the instalments paid for each project on the basis of the size of the overall project budget, the assessed level of risk of non-completion and the ability of the executing agency to pre-finance the project. The first instalment shall be paid to the executing agency immediately after the signing of a memorandum of understanding and shall not exceed 80 per cent of the total cost of the project. The balance shall be paid in one or more separate instalments after the implementation of the project has been monitored by a mission representative and the executing agency has submitted a signed list of expenditure to date, together with receipts.

231. According to the memorandums of understanding entered into by the mission with the implementing partners for 2013/14, the maximum permissible advance of 80 per cent had been provided as the first instalment, with no record of any assessment of the risk of non-completion or of the financial capacity of the implementing partners having been carried out. Two of the projects had been partially completed, and work in respect of the other four had not yet started. Although the military officer in charge of managing the project had conducted inspections to monitor the progress of work, financial progress had not been ascertained or kept on record to ensure proper management of the funds already disbursed to the implementing partners.

232. Assessing whether the activities of each project have been successfully carried out as well as the level of satisfaction on the part of its beneficiaries and its confidence-building impact are important for the continuance of such projects in the future. The Board noted that no impact evaluation of projects or performance evaluation of implementing agencies had been carried out. Consequently, it was not possible to ensure that the desired objectives of these projects were being accomplished.

UNAMID

233. In 2013/14, UNAMID had had a budget of $2 million for quick-impact projects. The project review committee had approved 67 projects amounting to $1.99 million during this period. The Board observed the following:

(a) Of the total of $1.99 million committed for quick-impact projects, $696,853 (35 per cent) of the budget remained undisbursed as at 30 June 2014. Funds had not been disbursed for 16 projects as at 17 August 2014. Only two projects had been completed and closed as at 17 August 2014, and the implementation of nine had yet to commence;

(b) Of the 97 quick-impact projects approved in 2012/13, 25 were still ongoing as at 30 June 2014, with an unpaid liability of $194,060;

(c) In the case of 14 projects, more than six months had elapsed since the date of the first instalment, but the projects had yet to be closed.

234. The implementation of quick-impact projects had suffered from significant delays, not only in implementation, but also in the approval process, thus undermining the overarching objective of quick outcomes and impacts. The average time taken from the receipt of a project proposal until the disbursal of funds had been 191 days for the projects approved in 2013/14. There had been large gaps of time between approval by the project review committee and the disbursal of funds. The average number of days between the approval of a quick-impact project by the project review committee and the disbursal of funds for projects approved in 2013/14 had been 137.

UNMISS

235. In 2013/14, UNMISS had proposed to carry out 31 quick-impact projects at a cost of $1.39 million at various locations, together with various implementing partners. However, none of the projects, except one for the fencing of Rumbek Secondary School, had been started as at the date of audit (September 2014), even though funds were available. Even the fencing project had completed only 1 per cent of the work planned.

236. UNMISS stated that the evacuation of the responsible staff members and implementing partners as a result of the crisis of December 2013 had delayed the implementation of the projects until mid-May 2014, by which time a new project review committee had been set up to re-evaluate the proposed projects, bearing in mind the revised mandate. The majority of the projects had been changed, and revised memorandums of understanding had had to be drafted. As a result, the start of the projects had been delayed. The Administration added that the implementation of 30 of the 31 quick-impact projects had commenced by the end of 2014 and 13 of these had been completed as at 31 December 2014. The remaining 17 were expected to be completed during the first quarter of 2015.

237. The Board noted that the crisis of December 2013 had occurred halfway through the financial year and that no quick-impact projects had even commenced at that point. The non-implementation of projects intended to build confidence in the peacekeeping mission among the local population and thereby improve the environment for effective mandate implementation defeats the very purpose of the allocation of funds for such projects.

MINUSTAH

238. In 2013/14, MINUSTAH had allocated $5 million for the implementation of quick-impact projects. The Mission had spent $3.94 million (79 per cent) on 137 quick-impact projects approved for implementation during the year.

239. The Board noted that of the 137 quick-impact projects approved for implementation, 18 (13 per cent) had been implemented and closed and 119 (87 per cent) were still in progress as at 30 June 2014. In comparison with the prior year, 2012/13, when of the 138 quick-impact projects identified, 36 (26 per cent) had been implemented and closed and 102 (74 per cent) were in progress as at 30 June, the year under review reflected underperformance. The delays between the approval of the projects by the project review committee and the payment of the first instalments had ranged from two to seven months.

240. **The Board recommends that: (a) the implementation of quick-impact projects by field missions be periodically monitored by Headquarters to ensure that the missions adhere strictly to the Department of Peacekeeping Operations/Department of Field Support policies stipulating the size of individual projects and timelines for their approval and implementation, particularly after the release of the first instalment of payment to the implementing agency; (b) there be documented evaluation of the assessment of capacities and selection of implementing partners to carry out the projects; and (c) quick-impact project management teams consisting of properly trained and dedicated staff be constituted to manage the projects.**

241. The Administration stated that the missions would strictly implement the Department of Peacekeeping Operations/Department of Field Support policies relating to quick-impact projects. It added that a new standard operating procedure had been adopted by MINUSMA defining the procedures, tools, roles and responsibilities of various offices regarding quick-impact projects. UNMISS had also taken steps to expedite the identification, evaluation and execution of quick-impact projects. MINUSTAH had provided training to staff members between September and November 2014 to improve their proficiency in handling quick-impact projects and had also established a monitoring mechanism. It attributed the payment delays to the implementation of Umoja. UNAMID had developed risk mitigation measures to address delays in implementation, and UNISFA was improving its quick-impact project governance.

14. Management of human resources

242. In its previous report (A/68/5 (Vol. II)), the Board had noted improvements in certain aspects of human resources management in response to our previous concerns and had identified further opportunities for improvement, particularly in relation to evaluation and accountability. Our current review of some of the field missions indicated the engagement of consultants and temporary personnel without clear justification, as well as delays in performance appraisals of staff, as outlined in the paragraphs below.

Lack of regularity in performance appraisals

243. In April 2010, the Secretariat, through an administrative instruction on the Performance Management and Development System (ST/AI/2010/5 and Corr.1), had introduced "e-performance" to record all performance-management-related processes with a view to improving the delivery of programmes by optimizing performance at all levels.

244. At MINUSMA, the Board noted that of the 259 eligible mission staff expected to complete performance appraisals (e-PAS) in 2013/14, only 183 (71 per cent) had done so in a timely manner. The Mission stated that it was in the start-up phase of the e-performance reporting cycle and many staff had initially arrived on temporary duty or in mid-cycle at their previous missions. Furthermore, the Mission indicated that it had embarked on a training schedule and set up a joint monitoring group to monitor e-performance implementation.

245. At UNSOA, we noted that only 39 per cent of staff had completed their e-performance appraisals, compared with 80 per cent in 2012/13. The mission stated that it had already assigned a "stand-down" day in August of each year to enable

staff to complete their performance records. It had also proposed specific periods within the annual e-performance cycle to be dedicated to the processing of documents, during which managers and supervisors would be required to ensure that the process was completed for all staff within the specified periods.

246. At MINUSTAH, we noted that 226 of the 1,595 staff (14 per cent) had not completed their performance evaluation forms. A further review of 158 of those 226 staff showed that the contracts of 41 of them had been extended from 1 July 2014 to 30 June 2015. This was inconsistent with section 10.3 of the administrative instruction on the Performance Management and Development System, which requires a performance evaluation to have been done before the granting of such an extension. The extension of contracts without performance evaluation increases the risk of retaining underperforming staff.

247. **The Board recommends that the Administration monitor the progress of performance appraisals at all missions in accordance with the e-performance programme and monitor the performance of its staff against established performance parameters.**

248. The Administration stated that the central monitoring of performance management was already taking place. In addition, a monitoring framework had been implemented that included two e-performance campaigns, aimed at monitoring compliance and the timely completion of midterm and end-of-cycle reviews.

Engagement of contractors and consultants

249. At UNAMID, 3,996 personnel (94 per cent of the staff) were in positions at various levels as at 30 June 2014, against an overall authorized strength of 4,260. The Board observed that the mission had employed 31 international individual contractors in 2013/14. Apart from this, there were 1,660 national individual contractors at the mission as at 31 July 2014. The mission appeared to be relying too heavily on the use of individual contractors, even for its normal functioning.

250. **The Board recommends that the mission conduct a review of the use of individual contractors, focusing on duties overlapping with those of regular staff, and rationalize their utilization.**

251. The Administration stated that the number of individual contractors had declined from 3,300 during the same period in the previous year to 1,660 in 2013/14 and had been reduced further to 1,391 as at 31 December 2014.

C. Implementation of the global field support strategy

252. The global field support strategy is a comprehensive five-year (2010-2015) change management initiative aimed at improving the quality and speed of the support that the Department of Field Support provides to United Nations peacekeeping missions and personnel serving on the ground, while achieving efficiency and economies of scale. The Board had previously reported on the progress achieved by the Administration in the implementation of the strategy and of the previous recommendations of the Board.

253. The Board continued to review the implementation of the global field support strategy, placing emphasis on determining whether the progress made was

commensurate with the end-state vision envisaged to be achieved by 30 June 2015 and whether the intended operational and financial benefits had begun to accrue to United Nations peacekeeping operations.

254. The global field support strategy is a complex business transformation strategy based on the following four pillars: (a) financial framework and strategic resourcing; (b) human resources; (c) shared services (service centres); and (d) supply chain management and modularization. The progress made under each pillar of the strategy is summarized below.

Table II.13
Progress made under each pillar of the global field support strategy in 2013/14

Pillar	*Key activities*	*Main areas of progress*
Financial framework and strategic resourcing	End-state vision, standard funding model for mission start-up, strategic resourcing framework for field operations, full compliance with IPSAS and alignment with Umoja	There was progress in terms of refinement of the end-state vision, finalization of key performance indicators, development of the integrated resourcing scorecards, application of standardized funding model in Mali, dissemination of cost-benefit tools and alignment with both IPSAS and Umoja implementation
Human resources	End-state vision, workforce planning, improved recruitment and retention of personnel for field services, succession management, better conditions of service for field staff and business intelligence	There was similar progress in terms of finalizing the end-state vision and key performance indicators. Work is also in progress in respect of workforce planning, succession management and development of business intelligence reports. As at February 2014, all peacekeeping missions had gone live with Inspira
Shared services	The Regional Service Centre was providing non-location-based financial, human resources and other support services to missions in the region	The Regional Service Centre continued to provide services to client missions and successfully restructured service delivery from a function-based structure to a service-line-based structure in January 2014. It simultaneously commenced re-engineering of service lines. The Centre reported on the key performance indicators and conducted two client satisfaction surveys
	Global Service Centre	In 2013/14, 6 missions utilized shared support services from the Global Service Centre on procurement, human resources and finance. The Centre also processed education grants from all peacekeeping missions outside Africa

Pillar	Key activities	Main areas of progress
Supply chain management and modularization	Updating and enhancing the Secretariat's management of the complex network of systems contracts, life support contracts and equipment supply lines owned by the United Nations that support field missions	A working group was set up to develop a vision, strategy and road map for supply chain reforms. The Global Service Centre started functioning as a clearing house, and the consolidation of the acquisition plans of 24 field missions in alignment with the budget preparation for 2014/15 was achieved
	Establishing deployment modules to improve the speed and predictability of the deployment of the military, police and civilian components of field missions, particularly at start-up or surge operations	All modules and design packages for 50-, 200- and 1,000-person camps and the log base were completed in 2013/14. The design concept and package of the airbase was under development

255. The Administration stated that the progress made in strategy implementation in 2013 and 2014 had been achieved against a backdrop of significant operational demands placed upon the management and staff resources of the Department of Field Support. Given the limited resources available to the Department, a period of sustained operational surge had had the effect of regularly diverting some management attention and staff resources from strategy implementation to dealing with operational exigencies, which had sometimes led to delays in meeting internal deadlines.

256. While acknowledging the progress achieved, the Board found that concerted efforts were required by the Administration to ensure that the end-state vision and key performance indicators were realized for each pillar by the end of the implementation period of the global field support strategy, in June 2015. Substantial progress is still to be made in the remaining one year in embedding the strategy into the day-to-day functioning of peacekeeping operations. Our detailed findings are set out in the paragraphs below.

1. Global field support strategy programme coordination

257. The Board had previously observed deficiencies in the functioning of the global field support strategy Steering Committee. We noted that in 2013/14, the Committee had met only once, in September 2013, despite the assurance given that it would hold biannual meetings.

258. The Administration stated that although the global field support strategy Steering Committee had not met in May 2014 as planned, the global field support strategy team had conducted a number of meetings. In July 2014, a senior managers' retreat had been held that covered the reporting and implementation tracking functions normally reviewed at Committee meetings, and had also sought to set the direction for the post-global field support strategy environment, thus fulfilling the remaining function of the Committee.

259. The Board considers that the role of the global field support strategy Steering Committee is critical in reviewing and monitoring the implementation of such a wide-ranging strategy and that it cannot be replaced by other mechanisms.

260. The Administration stated that the global field support strategy Steering Committee remained an important body for providing advice and recommendations in support of management's direction and execution of the strategy.

261. **Given that 2015 is the last year of the implementation of the global field support strategy, the Board recommends that regular meetings be held to ensure that the implementation of the strategy is on track.**

2. Planning and mainstreaming of the global field support strategy

Programme implementation plan

262. Pursuant to a recommendation made by the Board, a global field support strategy implementation plan had been developed in May 2013, consisting of 12 main activities and 176 sub-activities. The programme implementation plan was intended to serve the purpose of a monitoring tool to track, in a coordinated manner, the progress of the activities identified under the overall umbrella of the global field support strategy.

263. The Board found that of the 176 sub-activities, 75 were to be completed in the remaining 10 months of the implementation of the global field support strategy. Of these 75 activities, 24 had overshot their target dates, while 51 were scheduled to be completed in 2014/15. Target dates had not been set in respect of activities related to global field support strategy mainstreaming and forward planning. Although the programme implementation plan indicated the development of a Department of Field Support mission/vision statement as a completed activity, such a document did not exist, and preliminary work in that regard had commenced only in July 2014.

264. The Administration stated that the programme implementation plan had been established with the intention of monitoring internal commitments to the implementation of the global field support strategy. Although the strategy was slated to end in June 2015, that date should not be regarded as the final deadline for implementation, as it did not imply that the implementation of changes, goals, tools and principles would end. The positive momentum gained through the implementation of the strategy would be continued after June 2015 through the establishment of mainstreaming activities, tools and plans to ensure that the gains would not be lost and the change process would continue.

265. While we recognize that the transformations brought about by the global field support strategy have to be mainstreamed into the peacekeeping operations and that this process will extend beyond June 2015, it is necessary that activities slated for completion by June 2015 as part of the strategy not be stretched beyond the end date of its implementation. This would only exacerbate delays and undermine the benefits expected to accrue from implementation. Given that barely a year remains for the implementation of the strategy, its momentum must be increased in order to ensure the successful completion of the strategy.

Key performance indicators

266. Key performance indicators are the tools for monitoring the outcomes to be achieved upon the culmination of the global field support strategy under each of its pillars. The Board noted that while end-state indicators had been set, no periodic milestones to be achieved had been established. In the absence of such milestones,

there can be no assurance that the strategy is moving in the right direction in terms of achieving the end-state indicators.

267. The Board observed that a lack of periodic reporting on the progress made in the achievement of the performance indicators deprived management of the opportunity to monitor slippages in implementation, take remedial action and make mid-course corrections.

Forward planning

268. The Board, in its previous report (A/68/5 (Vol. II)), had noted that there was scope to refine the tools and principles of the global field support strategy, both during the setup of new missions and beyond. The Administration had proposed to develop guidance for more systematic use of the tools and principles of the strategy and to develop a plan to ensure the sustainment of relevant tools beyond 1 July 2015. The target for developing such guidance and such a plan had been set as the second quarter of 2015 so as to take into account the experience of the global field support strategy approach in support of MINUSCA.

269. While it is appreciated that the lessons learned by each new mission will aid in refining the global field support strategy approach, the Board considers it essential that the experience gained so far be consolidated. We noted that the documentation of a more systematic approach to draw on the tools and principles of the strategy in support of the faster deployment, greater efficiency and improved quality of field support is not yet in place and that no timeline has been set for key processes in that regard.

270. During the course of the audit, the Administration expressed the view that with almost one year remaining for the implementation of the global field support strategy, there was sufficient time to develop post-strategy implementation plans, tools and policies. The strategy was not considered a project with a finite deadline that would cease to exist in June 2015, but rather a strategy that would be mainstreamed into the business processes of the Department of Field Support in the years to come. With this longer-term view in mind, the Global Service Centre Steering Committee had been reprofiled as the Strategic Project Oversight Committee, whose terms of reference explicitly stated that upon the completion of the global field support strategy, the Committee could continue to oversee Department of Field Support projects.

271. The Board recognizes that the global field support strategy is not a project, but a strategy that is to be mainstreamed into the business processes of the Department of Field Support. However, the prerequisite for this is the completion of activities stipulated under the strategy within the prescribed time frames. It is only thereafter that the benefits can be expected to fully accrue in an empirically measurable manner. The development of post-strategy tools and policies was one of the important activities slated for completion before the end of the implementation of the strategy, and to postpone it indicates slippage that may be detrimental to the successful implementation and mainstreaming of the strategy over time.

272. The Administration stated that every effort was being made to achieve as much progress as possible against the end-state vision and key performance indicators. It added that the implementation of initiatives such as supply chain management, the expansion of shared services and the development of a business analytics framework would occur after June 2015.

273. **The Board recommends that the Administration take all steps necessary to ensure that the activities planned under the global field support strategy are completed by June 2015 so that the end-state vision and key performance indicators are fully achieved. An important element of such an effort would be effective periodic monitoring of progress achieved. The initiatives rolled out under the strategy should be mainstreamed into the work of the Department of Field Support at the earliest in order to ensure that the momentum achieved is not lost.**

3. Global field support strategy communication strategy

274. The communication plan 2014 envisages the implementation of a number of tools to ensure that regular updates on the global field support strategy from senior management are available to staff and other stakeholders. The approach adopted includes steady communication, with updates on progress on the strategy coming from senior management, which are then cascaded down with more detailed communications in the various strategy areas developed by relevant subject owners. Important elements of the strategy are providing channels for feedback such as surveys, engaging in direct contacts and responding to changing needs whenever possible.

275. The Board found that updates on global field support strategy implementation were not regular. Furthermore, the strategy team had conducted a global survey to document general awareness of the strategy in January 2014. Other than to assess such awareness, the objectives of the survey were to provide baseline data for future comparison regarding strategy implementation and to identify areas for improvement in service delivery. The survey results indicated that an average of only 19 per cent of respondents were "well informed" about the strategy, with an average of 43 per cent "not well informed" and an average of 38 per cent "somewhat informed", as shown below.

Table II.14

Results of global survey about awareness of the global field support strategy

(Percentage)

Group	*Well informed*	*Somewhat informed*	*Not well informed*
Civilians	20	34	46
Military personnel	18.5	37.5	44
Police personnel	18.5	42.5	39
Average	19	38	43

Source: Management.

276. Considering that the survey was conducted after three and a half years of global field support strategy implementation, the results are an indication that the communication strategy has not had the desired results.

277. The Administration stated that it was only to be expected that personnel outside the mission support area would be less likely to be well informed about a support-focused strategy. In addition, the high level of turnover of uniformed personnel had an impact on awareness. Hence, considering only the number of

personnel who were well informed did not reflect the correct picture. The Administration added that a subsequent survey conducted in August 2014 showed improved results across the board.

278. The Board considers that effective communication and awareness are essential to the success of a transformational initiative such as the global field support strategy, as it facilitates both acceptance and rapid implementation. That was the reason a global survey was undertaken in the first place. "Somewhat informed" is subjective, and in any event cannot be regarded as reflecting the expected level of understanding of the strategy. Furthermore, the high level of turnover of uniformed personnel, as cited by the Administration, underlines the need for a good understanding of the global field support strategy concept across all stakeholders. It should be added that the August 2014 survey mentioned by the Administration has not been verified by audit.

279. **The Board recommends that communication efforts at all peacekeeping missions and special political missions be redoubled to ensure and embed the success of the global field support strategy.**

280. The Administration stated that it supported the recommendation that communication efforts be improved.

4. Financial framework and strategic resourcing pillar

281. The financial framework of the global field support strategy was developed to improve the ability of the United Nations to deploy rapidly in challenging circumstances and also to enhance the predictability and transparency of budget requests in the first year of operation. The fourth annual progress report of the Secretary-General on the implementation of the strategy (A/68/637 and Corr.1) sets out the following end-state vision for the financial framework and strategic resourcing pillar, which must be achieved by June 2015: "missions will be able to consistently respond to emerging priorities and deliver resource efficiencies in line with the demands of complex operational environments. Standardized resourcing models and allocations, in conjunction with expanded access to strategic reserves, will improve the establishment of new missions and the expansion of existing ones. Resource management, reporting and accountability frameworks will be strengthened through the implementation of IPSAS and Umoja".

Non-application of the standardized funding model

282. In his fourth annual progress report on the global field support strategy, the Secretary-General stated that in order to achieve the end-state vision for the financial framework and strategic resourcing pillar, the Secretariat would continue to apply the standardized funding model as a tool to deploy resources rapidly for newly mandated operations and to preserve budgetary discipline in the start-up of operations. The model was identified as one of the key activities of the financial pillar of the strategy. Since the implementation of the strategy began, the standardized funding model has been applied twice: the first time in support of the first-year budget preparation for UNMISS, and the second time in the case of MINUSMA. However, the model was not used for the preparation of the first-year budget for the newly established MINUSCA.

283. In the global field support strategy risk management matrix prepared for the period from 1 January 2013 to 30 June 2014, the non-application of the standardized funding model in future operations was identified as a significant risk that could result in the failure of the financial pillar of the strategy, although the risk was considered unlikely to materialize. However, as seen in the case of MINUSCA, failure to use the standardized funding model for new operations has already occurred, and the inability to apply the model as a comprehensive process has made the budget development process more challenging.

284. **The Board recommends that the Administration work out a strategy to ensure that the elements and tools of the standardized funding model are invariably used for first-year budget formulation to ensure that newly mandated missions are able to gain access to the necessary resources without any delay and rapidly mobilize to initiate operational implementation.**

285. The Administration stated that the standardized funding model had been updated to make it more responsive to the requirements of all concerned in the diverse circumstances associated with peacekeeping operations. The model had not been applied to MINUSCA because the General Assembly had not provided specific authorization for its application to the new mission.

286. The Board considers that the global field support strategy, as an overarching strategy to be applied to all business processes of the Department of Field Support, has already been accepted and approved. If specific authorization of the General Assembly was required, the Administration ought to have highlighted or sought such approval while seeking the Assembly's approval for MINUSCA. There is a need to ensure that the end-state vision for the financial pillar of the global field support strategy is not compromised because of non-application of the funding model, particularly in the case of new peacekeeping missions that entail large commitments from Member States.

Resource efficiency group

287. In noting the setting-up of the resource efficiency group, the General Assembly, in its resolution 65/289, on cross-cutting issues, recognized that the process of identifying opportunities for significant efficiency gains required both the initiative of individual missions and the leadership of Headquarters if efficiency measures were to be implemented and mainstreamed across the field. The group was to meet at least once every quarter in a calendar year.

288. The Board noted that the resource efficiency group had held only two meetings, on 3 May and 11 July 2012, at which a list of projects whereby efficiencies could be introduced had been identified. No meetings had been held since. However, the Board was informed that the Department of Field Support was actively seeking and implementing efficiencies through multiple other channels, such as the strategic budget review and civilian staffing review processes, and as a result the average cost for each uniformed person deployed had fallen consistently over the past five years.

289. The Advisory Committee on Administrative and Budgetary Questions, in its report on observations and recommendations on cross-cutting issues related to peacekeeping operations of 5 May 2014 (A/68/782), had stated that no details regarding the role of the resource efficiency group in setting cross-cutting targets,

ensuring consistency throughout all missions and monitoring the achievement of different efficiency measures had been reported by the Secretary-General. The Committee recommended that clear time frames for the achievement of all efficiency targets be established.

290. While it is recognized that the projects endorsed by the resource efficiency group may be under way at various missions and are being monitored through related lead divisions, the Board considers that a structured process for managing efforts to realize efficiencies and the setting of cross-cutting targets should be ensured through regular meetings and monitoring by the group, particularly in view of the need to demonstrate practical benefits and real savings that can be incorporated into the global field support strategy.

291. **The Board recommends that the resource efficiency group be reconstituted, with a clearly defined role and responsibilities complementing the other structures already in place in a mutually reinforcing manner, to ensure the regular review of efficiency measures across the field in order to incorporate practical benefits and savings under the global field support strategy.**

292. The Administration concurred with the recommendation that the resource efficiency group be reconstituted.

5. Human resources pillar

293. The fourth annual progress report of the Secretary-General on the implementation of the global field support strategy (A/68/637 and Corr.1) sets out the following end-state vision for the human resources pillar, which must be achieved by June 2015: "field missions will be acquiring required civilian staff and non-staff capacity through optimized business processes, appropriate delegations of authority and effective monitoring systems and maintain staff productivity through programmes that promote security and safety, enhance quality of life and provide opportunities for development".

Succession management plan

294. One of the targets defined for the Field Personnel Division was the development of a succession management concept and plan to provide a framework for building the capacity and adaptability of mission staff by developing talent at all levels and across functions and by ensuring the continuity of leadership and management positions through an emphasis on career paths, learning and training opportunities and strengthened staff performance and development systems. The succession management plan will also ensure that leadership capacities as well as capacities at all levels of staff and functions are developed and enhanced.

295. According to the global field support strategy implementation plan status dated 31 July 2014, although the succession management plan has been developed, its implementation has been delayed. The two activities of setting benchmarks and prerequisites for the selection of candidates and the development of a career path model, which were to be completed by 30 March 2014, have yet to be completed, and the deadline has been revised to 30 September 2014. The target deadline of 31 March 2014 for the definition of roles and responsibilities has also not been met, and that activity is still in progress. No revised schedule for it has been prescribed by the strategy implementation team.

296. Delays in the implementation and completion of activities along with the revision of target dates may adversely affect the attainment of the end-state vision for the human resources pillar of the global field support strategy, given that the strategy is in its final stage of completion.

297. **The Board recommends that the activities identified under the succession management plan be reviewed and revised target dates set for their completion. They may thereafter be strictly monitored to obviate the possibility of any further slippages.**

298. The Administration concurred with the recommendation that the activities identified under the succession management plan be reviewed. It added that the development of benchmarks, prerequisites and a career path model for the senior resource management track was currently under way and that the Department continued to work on the completion of those important initiatives.

Recruitment and retention of personnel for field services

299. One of the important areas identified for the human resources pillar was the recruitment and retention of personnel for field services. As stated in the report of the Secretary-General on the global field support strategy of 26 January 2010 (A/64/633), it was envisaged that critical civilian capabilities would be identified and obtained up front and that rosters of capable and adaptable staff from across the Secretariat and other United Nations system entities, as well as other international and national governmental and non-governmental partners and external sources, would be prepared. Particular emphasis was placed on recruiting and retaining female staff so as to ensure improved gender balance at all levels. A strategy to ensure the recruitment of women at senior levels was also set out in the report entitled "Bridging the civilian gender gap in peace operations". According to the global field support strategy implementation plan, a target of 31 March 2014 had initially been set for the implementation of the recommendations contained in the report. That target was later revised to June 2014.

300. A review of the human resources scorecard for 2014 reveals that in 12 out of a total of 33 organizational units (departments, offices and missions), the representation of women across categories was significantly lower than the target prescribed. Furthermore, there were significant shortfalls in the achievement of targets in 14 of 37 organizational units with regard to the representation of women in senior positions (at the P-5 to D-2 levels).

301. The recruitment and retention of women was identified as an important component of the human resources framework under the global field support strategy. While it is acknowledged that initiatives have been taken by the Administration to increase the representation of women, there needs to be effective follow-up to ensure that those initiatives are translated into actual increases in the number of women being recruited and retained, especially at senior levels.

302. **The Administration concurred with the Board's recommendation that steps be taken to build on the initiatives under way to bridge the civilian gender gap by adding to the recruitment and representation of women at all levels, with an emphasis at senior levels.**

Performance indicator to track geographical deployment

303. The Board, in its previous report (A/68/5 (Vol. II)), had noted that the link between delivering missions' mandates, operational requirements and geographical deployment was insufficiently robust and had recommended that the Secretary-General review how the linkage between mandate and staff deployment might be strengthened and management accountability reinforced by importing a deployment indicator into the human resources management assessment system. The Advisory Committee on Administrative and Budgetary Questions had concurred with the Board's recommendation and had requested the Secretary-General to develop and implement a performance indicator to track the geographical deployment of staff at field missions. The Administration had replied that action would be taken to import a deployment indicator by the second quarter of 2014 (see A/68/751).

304. The Board noted that the inclusion of targeted indicators to assess the geographical deployment of staff had not yet been achieved. The indicator for geographical deployment had also not been included for monitoring in the global field support strategy implementation plan. Hence, the effectiveness and robustness of the deployment of staff across missions with reference to their mandates could not be empirically assured.

305. During the course of the audit, the Administration informed the Board that it intended to propose the development of such an indicator to track the geographical deployment of civilian staff in field missions' areas of operation at the next meeting with the Office of Human Resources Management as part of the human resources management scorecard performance review group. It added that geographical deployment was being reviewed as part of the civilian staffing reviews.

306. **The Board recommends that action be taken in a time-bound manner to include a performance indicator to track the geographical deployment of staff at field missions.**

307. The Administration stated that it was tracking the geographical deployment indicator in the mission-specific dashboards and would also consider the possibility of including it in the human resources scorecard to be considered at the performance review group meeting scheduled for early 2015.

Customer service integration/human resources business partnership and modular service delivery

308. The human resources pillar integrates various core functions, including customer service integration and modular service delivery. Under this function, the central focus was to be given to the delivery and implementation of customer services and the introduction of regional service centres. The human resources delivery model at Headquarters was to be realigned in terms of customer service integration in order to improve responsiveness and efficiency. The following specific targets were set:

(a) All human resources staff in the Regional Service Centre in Entebbe to be certified by June 2015;

(b) Realignment of the structure, roles and responsibilities of the Field Personnel Division;

(c) Transfer of remaining transactional activities to entities outside the Field Personnel Division;

(d) Draft of the monitoring concept for all human resources functions (transactional and non-transactional) to be developed and disseminated;

(e) Draft accountability framework for human resources functions in the field to be developed and disseminated;

(f) Procedures and systems to be put in place to support and monitor human resources delegated authorities in the field;

(g) Community of practice for human resources practitioners to be operational and accessed regularly by human resources staff.

309. The progress made against the above-mentioned targets was as follows:

(a) The realignment of the structure, roles and responsibilities of the Field Personnel Division, which was to have been completed by 1 July 2014, was still under way. A probable date of completion for the work had not been determined;

(b) With reference to the transfer of transactional functions outside the Field Personnel Division to other entities, the responsibility for the inbound travel of uniformed personnel had been shifted to the Regional Service Centre in Entebbe and six missions. We were informed that by 1 September 2014, UNMOGIP would administer the inbound travel of uniformed personnel, and that the Division was planning to transfer responsibility for the travel of uniformed personnel to UNOCI by October 2014. The transfer of this responsibility to the remaining missions would be carried out by the end of 2014. However, the complete set of processes that would be transferred and the timeline in that regard had yet to be determined by the Administration;

(c) As part of the customer service integration process, a draft of the monitoring concept for human resources and a draft of the accountability framework for all human resources functions in the field were to be developed and disseminated by 30 April and 30 June 2014, respectively. However, this work was still in progress. It was indicated that the document was pending internal approval before dissemination;

(d) The customer service integration process also included the establishment of procedures and systems to support and monitor human resources delegated authorities in the field. The original deadline for the completion of this work had been 31 March 2014 and was later revised to 30 June 2014. However, we noted that the target date for completion had been further pushed back by almost a year, to 30 June 2015. Management stated that the deadline of 30 June 2015 had been proposed to allow the phasing-in of various monitoring procedures and tools that were dependent on the implementation of human resources functionality in a new system or its migration from a legacy human resources system to a new human resources platform throughout this period;

(e) An additional 34 staff members from the Regional Service Centre had been certified.

310. Hence, none of the original timelines had been adhered to. Given that only 10 months remain for the full implementation of the global field support strategy, it is essential to ensure that identified activities to improve the human resources

framework are completed in a time-bound manner. Slow progress on those activities and the shifting of goalposts in terms of the revision of target dates of completion run the risk of adversely affecting the achievement of the end-state vision of the human resources pillar.

311. The Administration stated that the revised deadlines for developing and disseminating the draft monitoring concept and establishing procedures and systems to support the human resources delegated authorities were November 2014 and June 2015, respectively.

312. **The Board recommends that the Administration ensure that the activities under the customer service integration plan are completed in a time-bound manner and that there are no further slippages, so as to ensure that the end-state vision is achieved as envisaged.**

6. Supply chain management and modularization pillar

313. In 2012, the Department of Field Support initiated a reform of supply chain management and planned to establish a new supply chain pillar to address the issues and challenges related to the current supply chain, including the lack of a global and integrated approach to acquisition planning, asset management and strategic movement of goods. The intention was to integrate the modularization project into the new supply chain pillar.

Supply chain management implementation plan

314. In his third annual progress report on the implementation of the global field support strategy (A/67/633, dated 12 December 2012), the Secretary-General stated that the Logistics Support Division of the Department of Field Support would be responsible for strategic planning, oversight and technical advice to Member States, clients and partners for all matters related to logistics and the supply chain. It was also noted in the report that in August 2012 the Department had commenced a formal process of developing a comprehensive supply chain management strategy aimed at the effective, responsive and efficient provision of goods and services required for mandate implementation.

315. The sequence of events following the issuance of the third progress report indicates substantial delay in the planning and implementation of the reforms in supply chain management. In March 2013, the Department of Field Support prepared an initial supply chain management concept that set out timelines for the preparation of the supply chain implementation plan and the supply chain management policy, by the first quarter and second quarter of 2014, respectively. Subsequently, the Global Service Centre Steering Committee decided, at its 7th meeting, on 31 July 2013, to prepare an outline and table of contents for the supply chain management policy by 12 September 2013 and a final draft of the policy for review by senior management by 1 November 2013.

316. With regard to the submission of the outline supply chain management document, the Global Service Centre Steering Committee at its 8th meeting, on 2 October 2013, decided to set up a working group chaired by the Logistics Support Division by 30 November 2013 to finalize the supply chain policy. The working group was set up on 15 June 2014 and its first meeting held on 3 July 2014. The draft vision on the supply chain was agreed upon "in principle" by the working

group at its second meeting, held on 15 July 2014. The supply chain management vision and strategy and implementation road map were completed in the fourth quarter of 2014.

317. It was also noted that although the fourth annual progress report of the Secretary-General (A/68/637 and Corr.1) set out timelines for the preparation of the supply chain implementation plan and the supply chain management policy by the first quarter and second quarter of 2014, respectively, the global field support strategy programme implementation plan set timelines for various activities under supply chain reforms, as shown below.

Table II.15

Timeline for activities under supply chain reforms

Activities	*Timeline*
Supply chain vision and strategy	31 August 2014
Supply chain implementation road map	30 September 2014
Supply chain policy draft	30 September 2014

Source: Global field support strategy implementation plan.

318. The global field support strategy implementation plan does not set out a timeline for the actual roll-out of supply chain reforms.

319. Since the global field support strategy is in its last year of implementation, the delay in reforming supply chain management will adversely affect the attainment of the objective of a holistic approach reflecting the full spectrum of logistics support for missions, from start-up planning and preparation to liquidation. The Administration will be left with little time to review the implementation of supply chain reforms at missions. The delays occurred despite the fact that the Administration had identified the moderate risk of unclear delineation of supply chain roles in January 2014.

320. **The Board recommends that steps be taken to set up a vision, strategy and road map for supply chain reforms at the earliest and ensure the implementation of supply chain reforms in support of peacekeeping operations. This should include a plan to ensure the mainstreaming of the supply chain reforms into the business processes of the Department of Field Support, its regional centres and field missions, even after the conclusion of the global field support strategy in June 2015.**

321. Concurring with the recommendation, the Administration added that by June 2015 the global field support strategy team would have in place an action plan on how to ensure the implementation and mainstreaming of supply chain management reform in policies and business processes.

Role of the Global Service Centre as a clearing house

322. The third annual progress report of the Secretary-General on the implementation of the global field support strategy (A/67/633) provided for the

adoption of "rightsourcing"[5] to modernize its support for peacekeeping and political missions. On 11 April 2013, the Under-Secretary-General for Field Support issued a new policy for the centralized management of mission assets. The policy required all missions to seek clearance from the Global Service Centre for the acquisition of non-expendable property valued at $1,500 or more prior to any sourcing activity. The Centre is mandated to provide missions with a binding recommendation on the most appropriate method of acquiring the required assets.

323. A test check of the implementation of the policy on the centralized management of mission assets at MINUSMA, UNMISS and UNISFA revealed that the policy of the Department of Field Support on the centralized management of mission assets was not being fully adhered to by missions. MINUSMA could not provide information on whether it had obtained clearance from the Global Service Centre before sourcing equipment valued at $1,500 or more, while UNMISS stated that it had consulted the Centre about possible surpluses in the strategic deployment stocks or at other United Nations missions "whenever requested". UNISFA had issued 19 purchase orders totalling $1,500 or more without obtaining clearance from the Centre.

324. **The Board recommends that the Department of Field Support establish a mechanism to monitor compliance with the requirement of obtaining clearance from the Global Service Centre by the missions prior to sourcing non-expendable assets. There should be clear binding instructions to ensure adherence to the policy of sourcing non-expendable assets only after obtaining clearance from the Centre.**

325. The Administration stated that it would stress strict compliance with the requirement to check the availability of items in strategic deployment stocks before processing purchase requisitions from the missions. It added that a working group had been established to review the business process of acquisition planning and issue implementation guidelines and new templates that would better integrate demand forecasting, budget formulation and procurement planning using Umoja.

Progress on various activities under modularization

326. Modularization is in its fourth year of implementation under a five-year plan. The objective of modularization is to provide the capacity to rapidly build up facilities in the field by deploying a range of individual basic modules that can be configured to address the specific requirements of different deployments. The responsibility of the design, review and implementation of the modularization project rests with the Global Service Centre. The end-state vision and key performance indicators to be achieved by 30 June 2015 have been formulated, and the review of the pilot modules and the composition of the strategic deployment stocks has been completed.

327. The Board was informed that all modules and design packages for 50-, 200- and 1,000-person camps and the log base had been completed in 2013/14. The design concept and package with respect to the airbase was under development. Furthermore, the third review of the design packages for 50-, 200- and 1,000-person camps and the review of the modules for the 200-person camp had been conducted

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[5] A strategic methodology employed to match the supply of assets, resources and services with actual needs.

in 2013/14. The review of the modules for the 50- and 1,000-person camps was due to commence in mid-August 2014.

328. The review of progress made by the Global Service Centre in various activities relating to aspects of modularization under the global field support strategy implementation plan revealed the following:

(a) While the global field support strategy implementation plan indicated that the modularization strategic plan had been approved, the plan was in the draft stage and had yet to be signed off on;

(b) The Global Service Centre was to implement the detailed action plan on modularization by 30 June 2015. Although only nine months remained for the full implementation of the detailed action plan, it had yet to be prepared by the Centre;

(c) Although the review of the module for the 200-person design was complete, the global field support strategy implementation plan did not provide timelines for the review of the modules for the 50- and 1,000-person designs. It also lacked timelines for the review of the designs for the log base and the airbase. Thus, it did not give a complete picture;

(d) The review of initial module implementation at MINUSMA was complete. It highlighted that the team deployed to MINUSMA — both planners and implementers — was not sufficiently aware of what kind of modular service was available from the Global Service Centre. Many of the deployed staff had presumed that the Service Centre had modular equipment in stock for ready deployment, but that was not the case. Thus, it was clear that the concept of modularization had yet to be clearly understood by all staff in the field;

(e) While the communication plan for modularization had been prepared, no articles had been uploaded on the Global Service Centre intranet or iSeek in 2013/14. In August 2014, the Centre uploaded modularization information on its intranet;

(f) The Global Service Centre had yet to begin drafting the guidelines for missions on the use of modules/modularization;

(g) The modularization communication plan required annual conferences with directors/chiefs of mission support in that regard. The first conference was to be held in January 2015.

329. Therefore, it was evident that much work remained to be done in the final nine months of the global field support strategy to integrate modularization into the regular business processes of peacekeeping operations.

330. **The Board recommends that: (a) the modularization strategic action plan be finalized and approved at the earliest; and (b) the Global Service Centre engage mission leaders on a possible modularization requirement to address the risk of lack of client demand for modules.**

331. The Administration stated that part (a) of the recommendation had been implemented. Furthermore, a facsimile had been sent to all missions in December 2014 on modularization requirements, and additional content on modularization was being added to the Global Service Centre intranet; this was expected to be completed by the second quarter of 2015.

Enabling capacities

332. Enabling capacity is the labour and expertise required in order to install, build, set up and commission modules. The project implementation documentation of the global field support strategy modularization pillar identified enabling capability for seamless implementation of service packages in the field as a success factor in the modularization and service package concept. The fourth annual progress report of the Secretary-General on the implementation of the strategy (A/68/637 and Corr.1) identified the absence of timely, reliable enabling capacities as a major challenge for the rapid deployment of modularized camps. This issue was also discussed by the Global Service Centre Steering Committee at its 7th meeting, and communicated to the Board of Auditors in response to an audit finding for 2012/13 (see A/68/5 (Vol. II)).

333. The Board noted the following:

(a) The five-year project implementation plan for the modularization pillar had set a goal of developing two scopes of work for external enabling capacities in each financial year that would complement service package developments. However, this was not commensurate with the development of a service package. By the end of 2013/14, while all modules and design packages for the 50-, 200- and 1,000-person camps and the log base had been completed and the design concept and package for the airbase were under development, only one draft scope of work, for the 200-person camp service package, had been developed by the Logistics Support Division;

(b) Seeking commercial solutions for enabling capacities and reviewing systems contracts in line with the refinement of service packages were inherently linked to the finalization of scopes of work. The goal of issuing requests for proposal for commercial enabling capacity in accordance with the scope of work by 28 August 2013 set by the Global Service Centre Steering Committee, at its 7th meeting for the Logistics Support Division and the Procurement Division, could not be achieved. The Administration indicated that it had utilized the draft scope of work in 2013/14 with field-specific programme inputs at MINUSMA for four camps and successfully established one contract and three letter-of-assist agreements;

(c) The Global Service Centre Steering Committee, at its 7th meeting, had entrusted the Centre with the responsibility of providing brief project notes for the Director of Mission Support/Chief of Mission Support and the Committee on the scope of the global mission support teams concept by the next Committee meeting (2 October 2013). The teams are still at the conceptual level;

(d) In June 2014, the enabling capacity project had been transferred to the Strategic Project Oversight Committee. Subsequently, the Administration revised the deadlines for various activities. While the activities scheduled to be completed and continuing in 2013/14[b] were removed from or modified in the global field support strategy implementation plan, four activities with revised timelines were incorporated, as shown below.

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[b] Commercial enabling capacity (200-person camp): finalization and issuance of scope of work for: global mission support team project (review of pilot, development of concept note and development of full plan); options paper on site preparation (issues and possible solutions); troop-contributing country enabling capacity strategy (concept drafted); and partnership with United Nations Office for Project Services (concept paper).

Table II.16

Timelines for activities under the enabling capacities project

Activities	*Timeline*
Concept paper on a broader approach to enabling capacities, including mission support team, troop-contributing country, United Nations Office for Project Services and commercial contractors	31 July 2014
Establish integrated team for enabling capacities	31 August 2014
Map future strategy and options for enabling capacities	30 September 2014
Provide road map for the implementation of additional enabling capacities for field support	31 October 2014

Source: Global field support strategy implementation plan.

(e) The first milestone of preparing a concept paper for a broader approach to enabling capacities, which had a target date of 31 July 2014, had yet to be achieved as of August 2014. The Board was informed that this document was under review prior to its submission to the Strategic Project Oversight Committee for endorsement.

334. Thus, in the final year of the implementation of the global field support strategy, all the milestones to be achieved under the revised plan for the enabling capacities project are at the initial stages. Even if the Administration achieves the milestone of providing a road map for the implementation of additional enabling capacities for field support according to schedule, by 31 October 2014, it would be left with only eight months for the preparation of a communication strategy for the road map to make missions aware of the capacities that they may utilize; implement the revised strategy for the delivery of modules at the missions, review the effectiveness of enabling capacities in the delivery of modules and, finally, integrate the capacities with the regular processes of field support.

335. While the Administration's intention to continue work on the incomplete elements relating to enabling capacities beyond the time frame of the global field support strategy is understandable, it must be viewed in the light of the Secretary-General's original proposal for the strategy (see A/64/633, dated 26 January 2010), in which a five-year horizon for the implementation of the strategy was foreseen, as too many previous reform initiatives had failed owing to a lack of sustained and dedicated attention during the implementation phase.

336. The Administration stated that the Global Service Centre was conducting a pilot project with three missions (UNIFIL, MONUSCO and UNOCI) and had created a database for global mission support teams. Furthermore, the Global Service Centre had engaged the Department of Field Support and the Procurement Division with regard to commercial enabling capacity.

337. **The Board recommends that the enabling capacities project be expedited to ensure that service packages can be seamlessly implemented in the field and help in the rapid deployment of modularized camps.**

7. Shared services pillar

Global Service Centre

338. The Secretary-General, in his fourth annual progress report on the implementation of the global field support strategy (A/68/637 and Corr.1), stated that the shared services pillar would enable missions to receive consistent, timely, efficient and effective support services through streamlined and standardized service delivery of non-location-dependent functions from remote locations determined on the basis of a business case analysis. In his report on the budget for UNLB for the period from 1 July 2014 to 30 June 2015 (A/68/727), the Secretary-General stated that back-office support was a growing activity in the context of the implementation of the global field support strategy as more field missions sought expertise and support from the Global Service Centre.

339. The Board reviewed the progress made against the key performance indicators relevant to the Global Service Centre as set out in the report of the Secretary-General on the overview of the financing of the United Nations peacekeeping operations (A/68/731) and observed the following:

(a) Under the key performance indicator for "client satisfaction steadily improving", the Global Service Centre is required to conduct biannual surveys to ascertain client satisfaction ratings. The Centre has not carried out such surveys, nor is it maintaining a log of complaints to help desks. In the absence of such surveys and of complaint-monitoring, the Centre is not in a position to assess whether its services are satisfactory and can be improved further;

(b) The Global Service Centre has not established service line key performance indicators; it has formulated "service delivery standards" related to finance, human resources and procurement. These are under review owing to the impact of IPSAS and Umoja. We also observed that the reporting on the Centre's performance with respect to the shared services pillar of the global field support strategy was not structured.

340. **The Administration agreed with the Board's recommendation that the Global Service Centre enter into service level agreements with the missions to which it is providing services and develop operational key performance indicators for the service lines as well as corporate key performance indicators for shared services.**

Regional Service Centre

341. In 2013/14, the Regional Service Centre was under pressure as a result of the implementation of IPSAS in July 2013, the roll-out of Umoja and the restructuring of the Centre from a functional to a service-line-based structure in January 2014.

342. The Board observed the following:

(a) There had been significant delays, ranging from 395 to 438 days, in the completion of three capital construction projects being implemented by the Entebbe Support Base of MONUSCO, as follows:

Table II.17
Status of construction work

Description of project	*Contract value (United States dollars)*	*Start date*	*Contract completion date*	*Extended completion date*	*Days extended*	*Percentage of work completed*
Data centre						
Construction	2 981 944.70	16 October 2012	30 November 2013	30 December 2014	395	81
HVAC	1 746 800.00	17 October 2012	31 October 2013	30 December 2014	425	85
Construction of office buildings						
Regional Service Centre 1 and 2	3 859 981.22	17 October 2012	16 October 2013	30 December 2014	438	60
Regional Service Centre 3 and 4	3 755 772.86	12 May 2014	11 May 2015	Not applicable	Not applicable	10

Management attributed the delays to a range of internal and external factors, including changes proposed by the Regional Service Centre on the basis of its operational requirements and environmental factors, discrepancies in design, a cash flow problem on the part of both contractors leading to a strike by site workers, delays in the procurement and importation of materials, the use of a labour-intensive method in some heavy construction work, lack of qualified technical personnel, and faulty design and discrepancies in contract documents such as bills of quantities, drawings and specifications. The Board considers that the most significant delays were caused by changes in design after the commencement of work and weak technical and financial capabilities of contractors, which were indicative of poor evaluation criteria used in the selection of the contractors concerned;

(b) The contracts for the office buildings and the data centre provided for liquidated damages equivalent to 0.5 per cent of the total fixed fee for each working day of delay by the contractor beyond the substantial or practical completion date and a further sum equivalent to 0.5 per cent of the total fixed fee for each working day of delay beyond the final completion date. We observed that the delay was attributable in part to the failure of the contractors to mobilize the resources indicated in the bidding documents and to adhere to their procurement plans. However, the completion dates had merely been extended on three occasions, without the imposition of liquidated damages under the terms of the contract. The latest extension had been until 30 December 2014. Management replied that "any penalties, if considered for granting an extension, should be dealt with through contractual provisions as per the United Nations regulations";

(c) The Advisory Committee on Administrative and Budgetary Questions, in its report of 21 April 2011 (A/65/743), had recommended that one of the responsibilities of the Regional Service Centre planning and control team leader be to design and conduct customer satisfaction surveys to track the performance of the Centre. In 2013/14, the Centre had conducted two client and staff satisfaction surveys, in July 2013 and February 2014. The Board noted that in the February 2014 survey, even "partially satisfied" had been interpreted as a positive score, whereas in the July 2013 survey only "satisfied" and "very satisfied" had been considered positive scores. The Centre explained that the methodology used earlier had been flawed and that the Regional Service Centre Steering Committee, at its twenty-third session, had requested the exclusion of neutral responses ("no response" and "not applicable") from the results. We consider, however, that the revised methodology followed went beyond the directions of the Steering Committee, as "partially satisfied" cannot be considered a neutral response;

(d) In the July 2013 survey, there had been no separate question on the overall satisfaction level of each service unit. However, in the February 2014 survey, specific questions had been included to ascertain the overall satisfaction level of each service unit. We noted that those questions had been ignored and that there was no mention of them in the report; instead, an average satisfaction level had been computed and reported for each unit. It has been indicated that overall client satisfaction with Regional Service Centre services was 54.8 per cent in February 2014, but there is no explanation as to how this figure was arrived at;

(e) The Board's analysis of the responses to the three questions on overall satisfaction is as follows:

Table II.18

Overall satisfaction results according to the February 2014 survey

Question	*Total responses*	*Responses with "4" or "5"*		*Responses with "3", "4" or "5"*	
		No.	*Percentage*	*No.*	*Percentage*
Regional Service Centre services are satisfactory	1 175	235	20.0	462	39.3
Regional Service Centre staff is responsive to client's requests	1 168	229	19.6	438	37.5
Regional Service Centre staff follow up on commitments made	1 141	210	18.4	430	37.7
Average			**19.3**		**38.2**

On the basis of its analysis, the Board considers that only 19.3 per cent of respondents could be considered satisfied overall (a score of "4") or very satisfied (a score of "5") with the Regional Service Centre. Even if the Centre's methodology of including responses indicating partial satisfaction (a score of "3") is taken into account, only 38.2 per cent of respondents could be considered satisfied overall with the Centre, compared with the overall satisfaction score of 54.8 per cent presented in the report;

(f) For the Transportation and Movements Integrated Control Centre, there was a perfect match of the survey results of July 2013 and February 2014. Owing to the striking similarity between the two sets of results, the Board recomputed the satisfaction scores from the February survey in terms of the two aspects, as follows:

Table II.19

Actual satisfaction scores for the Transportation and Movements Integrated Control Centre, February 2014 survey

	Respondents			
Aspect of service	*Total No.*	*No. satisfied*	*Percentage satisfied*	*Percentage satisfied as shown in the report*
Appropriately informed on progress	36	21	58.3	64.1
Communicates effectively	35	22	62.9	66.4

The results presented by management were again higher than those arrived at through our analysis of the survey data. The report was silent about responses to the question on cost-effective service;

(g) The Board also observed errors in the capture and compilation of data for key performance indicator reporting. There were discrepancies in the capture of dates of the commencement and completion of tasks, and errors in the formulae used to compile and calculate the indicators and in analysis and reporting. Furthermore, the data provided by the service line had not been validated before compilation.

343. The Board considers that there has been a tendency to interpret the results of staff and client surveys in an unduly optimistic manner and that true levels of satisfaction may be significantly lower than those reported to date.

344. Regarding delays in the completion of construction projects, the Administration informed the Board that certain recommendations that had been made with a view to environmental improvements had been implemented through an amendment to the contract signed in March 2014. A request for amendment had been made to the contractor to extend the completion dates for Regional Service Centre office buildings 1 and 2 from 16 October 2013 to 3 February 2014. The Administration added that it concurred with the recommendations that it publish client satisfaction survey results with greater accuracy and transparency and that it develop a standard operating procedure for the compilation and analysis of data for each key performance indicator.

345. **The Board recommends that: (a) major construction projects be closely monitored and the contractual terms, including liquidated damages, enforced in the event of unjustified delay; (b) the Administration ensure greater accuracy and transparency in publishing the results of surveys relating to client satisfaction so that they can better serve their intended purpose as indicators for remedial action; and (c) a standard operating procedure be developed for the compilation and analysis of data for each key performance indicator.**

Transportation and Movements Integrated Control Centre

346. The Transportation and Movements Integrated Control Centre was established in January 2010 to conduct integrated movement planning in order to optimize the use of passenger and cargo aircraft with a view to reducing the aircraft fleet and minimizing reliance on short-term charters. In 2013/14, the Centre used two aircraft (UNO-769 MD-83 and UNO-853 B-737 Combi) to operationalize the integrated regional flight schedules for MONUSCO and UNAMID. The two aircraft were utilized as shown below.

Table II.20
Utilization of aircraft in 2013/14

Type	*No. of days of operation*	*No. of chalks*	*Total carrying capacity*[a]		*Actually carried*		*Load factor*	
			Passengers (No.)	*Cargo (tons)*	*Passengers (No.)*	*Cargo (tons)*	*Passengers*	*Cargo*
UNO-769 MD-83	45	94	14 006	–	4 076	–	29	–
UNO-853 B-737 Combi	174	359	25 848	3 590	13 764	1 033	53	28.77

[a] MD-83: 149 passengers; B-737 Combi: 72 passengers and 10-ton cargo.

347. The passenger payload factors of 29 and 53 per cent with respect to the MD-83 and the B-737 Combi, respectively, are significantly below the target of 70 per cent set out in the Aviation Manual. Similarly, the cargo payload factor of 29 per cent with respect to the B-737 is much lower than the stipulated target.

348. **The Board recommends that Regional Service Centre carry out an analysis to ascertain the reasons for the low payloads with a view to ascertaining whether there needs to be any change in the deployment of the aircraft to enable their better utilization.**

349. The Administration stated that the Transportation and Movements Integrated Control Centre was no longer tasking the two aircraft. The Board will continue to review the tasking of aircraft by the Centre in order to assess the efficiency of integrated movement planning.

Vendor payment service line

350. Service level agreements entered into between the Regional Service Centre and client missions on 17 April 2013 form the basis for the division of roles and responsibilities with respect to the processing of vendor payments. Under the agreements, missions should have no role in processing vendor payments except to receive all vendor invoices and forward them to the Centre for processing. However, we noted that UNMISS had continued to process some local vendor payments. UNAMID and MONUSCO had partially transferred the function and were still processing all local vendor invoices, all post-payment discount cases and some international vendor payment cases. As a result, the service line had been able to complete only the first stage (assessment) of the six-stage transition process developed for the Centre. The status of other transition stages was identified as "under progress" with reference to MONUSCO, UNAMID and UNMISS and as "not started" with reference to other client missions.

351. Furthermore, while the relevant service level agreement prescribes the key performance indicators for the Regional Service Centre, no timeline has been set for the missions to forward vendors' invoices and documents essential for the processing of payments, such as purchase orders, receiving and inspection reports and vendors' banking details, to the Centre. We examined 29 cases in which vendor payments had been processed by the Centre in April, May and June 2014. In three of the cases, we found a difference of more than 10 days between the date on which the invoice had been received by the mission and the date on which it had been received at the Centre. Moreover, in 14 cases in which the date on which the invoice had been received by the mission was not recorded on the voucher, there was a time

difference of more than 20 days between the date of the invoice and the date of receipt by the Centre. The Board also noted significant delays in the receipt of credit notes, advice on liquidated damages, vendors' bank details and the budget availability and approval of earmarked funds from the missions that adversely affected the objective of reducing the amount of time required for the payment of valid vendor invoices.

352. **The Board recommends that: (a) all functions be expeditiously transferred from the missions to the Regional Service Centre as envisaged in the service level agreements and that the Centre initiate necessary action to complete the transition phase by June 2015; and (b) the Regional Service Centre initiate action to define key performance indicators that cover the entire process of work, including the work to be performed by the missions.**

353. The Administration concurred with the recommendations. It added that the Regional Service Centre was exploring the possibility of extracting data from Umoja to track vendor invoices from receipt to payment. As data become available, the Centre will implement the Board's recommendation.

Check-in and check-out

354. The Regional Service Centre was established to deliver services at the regional level through operational support teams responsible for providing day-to-day support services that do not require the presence of the recipient of the service at the moment the transaction is performed. At present, the Centre is providing check-in and check-out services to client missions through three service lines: (a) an onboarding and separation service line for international civilian staff; (b) a United Nations Volunteers service line; and (c) a uniformed personnel service line. Onboarding staff are required to come to Entebbe and stay for at least three days to complete the check-in process by submitting their documents, entering their personal details in the Field Support Suite and filling out the relevant forms. This does not qualify as a non-location-dependent function according to the definition set out in paragraph 61 of the report of the Secretary-General on the global field support strategy of 26 January 2010 (A/64/633). Similarly, in the check-out process, separating staff members are required to come to the Regional Service Centre for three days to complete all of the formalities of obtaining clearances from the self-accounting units of the respective missions before they are checked out of the Field Support Suite. The staff members are allowed three days' daily subsistence allowance or mission subsistence allowance for their stay in Entebbe.

355. The Board noted that 3,200 staff members had checked in and out of the Regional Service Centre during the six-month period from January to June 2014, as detailed below.

Table II.21

Check-in and check-out of staff, January-June 2014

Category	*No. of staff checked in*	*No. of staff checked out*	*No. of staff checked in/checked out*	*No. of days DSA/MSA paid*	*Rate of DSA/MSA (United States dollars)*	*Total DSA/MSA paid (United States dollars)*
International civilian	191	119	310[a]	3	138	128 340
Uniformed personnel	1 590	1 300[b]	2 890	3	116	1 005 720
Total	**1 781**	**1 419**	**3 200**	**3**	**138**	**1 134 060**

Abbreviations: DSA, daily subsistence allowance; MSA, mission subsistence allowance.

[a] International staff belonging to the Regional Service Centre have been excluded.

[b] Not including personnel who checked out in May or June 2014.

356. An amount of $1.13 million was paid as daily subsistence allowance or mission subsistence allowance to staff checking in and checking out during the period from January to June 2014. The expenditure on daily subsistence allowance payments will further increase owing to the revision of daily subsistence allowance rates for Entebbe from $138 to $176 as from July 2014. Thus, according to a conservative estimate, additional expenditure of some $2.26 million per annum is being incurred in relation to daily subsistence allowance in providing check-in and check-out services, which do not qualify as non-location-dependent services. This cost has not been reported to the General Assembly or captured in the cost-benefit analysis of the global field support strategy. Moreover, 11 officers from various missions are facilitating check-in and check-out processes in the uniformed personnel service line; this is over and above the authorized strength for the service line at the Regional Service Centre. As indicated by the Centre, these additional officers are considered on tour at Entebbe and are paid mission subsistence allowance at a rate of $116 per day. The mission subsistence allowance paid to these officers will add further to the cost of providing these services to onboarding staff.

357. The Board was informed that staff members should check in through Entebbe to ensure the timely processing of their salaries, to avoid falling off the payroll list and to facilitate the smooth processing of the relevant personnel actions and staff entitlements such as assignment grant, relocation grant, dependency allowance and mobility allowance. However, we consider that it would be more cost-effective if onboarding staff could upload the documents remotely, rather than incur needless expense travelling to Entebbe.

358. **The Board recommends that the Administration explore mechanisms to provide remote access to onboarding staff at the missions to enable them to complete formalities, thereby obviating the necessity of their visiting the Regional Service Centre. Until such time as check-in/check-out services are provided from the Centre, it should report the expenditure incurred on the daily subsistence allowance/mission subsistence allowance of checking-in and checking-out personnel.**

359. The Administration stated that a civilian staffing review of the Regional Service Centre had been conducted in September-December 2014, which had included a review of the check-in and check-out processes. It had recommended the standardization of documentary requirements. A team had also been established to

look at the onboarding process with a view to identifying bottlenecks and recommending improvements.

D. Information and communications technology resources in peacekeeping operations

360. United Nations peacekeeping operations are increasingly reliant on ICT infrastructure to facilitate the efficient delivery of their mandates. The term "ICT" connotes both information technology and communications systems. In April 2003, the General Assembly, while stressing the importance of ICT as a strategic tool for strengthening the functioning of the United Nations, placed priority on robust infrastructure, system security, reliable field connectivity, human resources capacity-building, a governance structure and ensuring that investments in ICT generated tangible returns commensurate with their cost (see resolution 57/304). The United Nations currently uses multiple ICT systems and solutions to address its operational and support requirements.

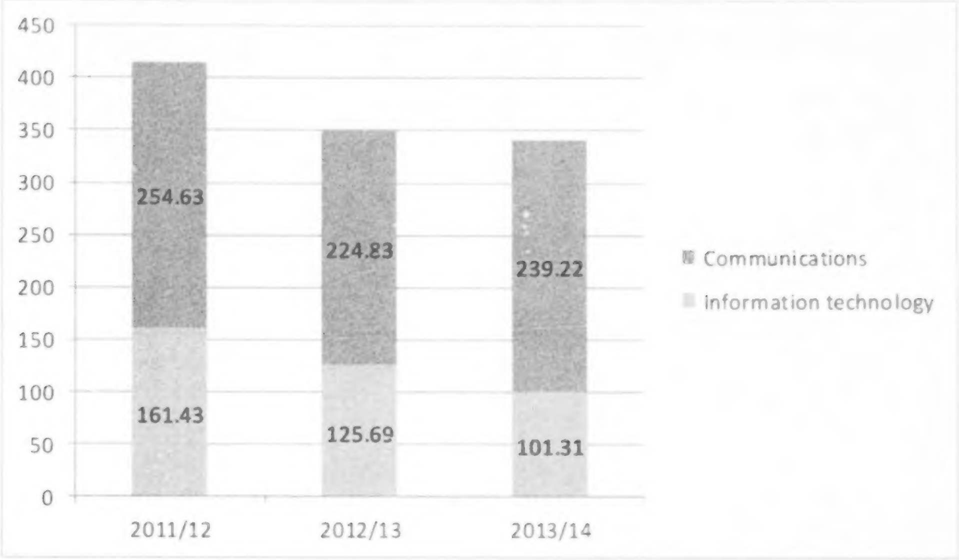
361. The Advisory Committee on Administrative and Budgetary Questions, in its report of 5 May 2014 (A/68/782), expressed its view that, given the significant changes taking place in the ICT landscape of the United Nations, including the implementation of enterprise systems and enterprise data centres, and taking into account the magnitude of the resources required for the provision of ICT services and infrastructure, the Board of Auditors should be requested to conduct a comprehensive audit of peacekeeping ICT expenditure.

362. In pursuance of the request made by the Advisory Committee on Administrative and Budgetary Questions, and taking into account the time available in 2014 to conduct the audit, the Board commenced the audit of the deployment of ICT resources in peacekeeping operations. Audits were conducted from 4 August to 7 November 2014 at Headquarters, the Global Service Centre, the Regional Service Centre and six field missions (UNMISS, UNAMID, MINUSMA, UNISFA, UNIFIL and MONUSCO). The audit of the deployment of ICT resources may continue in 2015 to ensure comprehensive coverage. The audit covered the three-year period from 2011/12 to 2013/14, and the findings are reported in the paragraphs below.

1. Budget allocation

363. Budget allocations for ICT in peacekeeping, made under two budget lines, communications and information technology, are shown in the figure below.

Figure II.I
Budget allocation
(Millions of United States dollars)



364. Our review of the allocations and expenditure at the six missions and the Regional Service Centre revealed wide variations between the budget and actual expenditure, as shown below:

Table II.22
Variances of communications and information technology expenditure from budget allocations
(Thousands of United States dollars)

		Communications			*Information technology*		
Mission	*Year*	*Allocation*	*Expenditure*	*Variance (percentage)*	*Allocation*	*Expenditure*	*Variance (percentage)*
UNISFA	2011-12	3 443.60	1 480.90	57	1 628.20	660.7	59
	2012-13	8 959.80	7 069.10	21	2 866.60	2 878.90	0
	2013-14	9 079.80	2 672.50	71	2 945.50	6 065.20	-106
UNMISS	2011-12	N/A	N/A	N/A	N/A	N/A	N/A
	2012-13	N/A	N/A	N/A	N/A	N/A	N/A
	2013-14	20 509.40	13 600.20	34	12 428.30	16 227.60	-31
MINUSMA	2011-12[a]	–	–	–	–	–	–
	2012-13[a]	–	–	–	–	–	–
	2013-14	13 351	15 990	-20	3 423	11 880	-247
MONUSCO	2011-12	42 488.2	42 260.4	1	12 997.2	15 272.4	-18
	2012-13	39 737.7	37 499.9	6	10 158.9	12 598.4	-24

		Communications			Information technology		
Mission	*Year*	*Allocation*	*Expenditure*	*Variance (percentage)*	*Allocation*	*Expenditure*	*Variance (percentage)*
	2013-14	22 510.1	18 487.7	18	12 262.5	15 974.4	-30
UNAMID	2011-12	50 134.7	39 901.5	20	20 447.7	24 742.5	-21
	2012-13	35 350.6	35 771.21	-1	10 290.1	15 521.4	-51
	2013-14	21 171.7	15 701.11	26	13 226.9	18 685.99	-41
UNIFIL	2011-12	15 154.1	16 934.6	-12	3 499.9	3 906.9	-12
	2012-13	14 239.7	14 070.5	1	2 881.9	3 685.6	-28
	2013-14	6 301.3	4 012.3	36	3 536.2	4 840.4	-37
Regional Service Centre	2011-12	61.1	18.1	70	41.6	60	-44
	2012-13	619	342.1	45	1 663.50	7 096.10	-327
	2013-14	1 340.90	N/A	N/A	1 424.00	N/A	N/A

Source: Information and Communications Technology Division/mission management.

Abbreviation: N/A, not applicable.

[a] MINUSMA was established in April 2013.

365. The Board observed that there was no consistent pattern in the forecasting and outturn of budgets, even though they were based on the strategic and budget guidance issued by the Information and Communications Technology Division during these years. As shown in table II.22, budget variances across missions ranged from savings of 71 per cent to excess expenditure of 327 per cent. While acknowledging the need for some flexibility and the challenging environment in which peacekeeping missions operate, the Board is of the view that the extent of the variations clearly underlines the need for a more realistic assessment of requirements and budget projections in order to ensure financial discipline and the utilization of resources in accordance with the allocations approved through the budgetary process.

366. The Administration stated that budgets were based on the best information available at the time of their preparation and that it was normal for variations to occur, given the highly volatile operational environments of most peacekeeping missions. It added that variances between the approved budgets and actual expenditure related mainly to changes in operational requirements as well as the implementation of Umoja and IPSAS.

367. **The Board recommends that the Administration carry out an analysis to identify the main factors leading to such wide variations between allocations and expenditure in order to strengthen budgetary formulation and control mechanisms.**

368. The Administration stated that this recommendation was being addressed through the performance reports issued by the missions at the end of each fiscal period. The response of the Administration does not address the issue of strengthening the budgetary process.

2. Procurement of information and communications technology equipment and services

Deficiencies in the process of setting standards

369. The Board noted that some 70 per cent of the items acquired every year by the missions, the Regional Service Centre and the Global Service Centre were based on system contracts entered into by Headquarters. These contracts were for specific brands and configurations of ICT equipment and services based on requirements established by the Information and Communications Technology Board at Headquarters. As part of its audit, the Board reviewed several cases of standards-setting, as shown below.

Table II.23
Business cases reviewed by audit

Description	*Date*	*Validity*
Network equipment and software	July 2011	January 2018
Two-way VHF/UHF radio equipment, systems, professional services and ancillaries	March 2006	N/A
Two-way VHF/UHF radio equipment, systems, professional services and ancillaries	March 2011	N/A
Lotus Notes standardization	October 2006	December 2016
Mail server, Microsoft Exchange	June 2013	5 years
Computer systems	August 2011	N/A
Satellite communications (INTELSAT)	August 2013	5 years

Abbreviation: N/A, not available.

370. The Board observed the following:

(a) The proposals for standards did not spell out the operational requirements to be met, the options available for meeting those requirements or how the product or company selected would fulfil the requirements. In the absence of a focus on actual requirements, there was a risk that products whose specifications were disproportionate to the actual requirements would be procured. For example, the business case of two-way VHF/UHF radio equipment, systems and ancillaries, which had been approved as a standard, did not specify the communications problems being faced that necessitated the setting of a new standard;

(b) Proposals for the renewal of or changes to existing standards were not based on systematic feedback from users. Assertions as to the suitability and reliability of a product were not backed by any such feedback or survey conducted at field missions or Headquarters, although they were cited to justify the non-consideration of any other competitive product that could also have been a standard. This had also been highlighted by OIOS (assignment No. AT2011/615/02, dated 9 August 2012) during its audit of the acquisition of ICT equipment and services for peacekeeping, and the Department of Field Support had agreed to formalize procedures for an annual review of system contracts before their renewal. However, action taken in this regard was not on record;

(c) Rule 105.14 of the Financial Regulations and Rules of the United Nations stipulated, inter alia, that procurement contracts shall be awarded on the basis of effective competition, and to this end the competitive process should include acquisition planning for developing an overall procurement strategy and procurement methodologies, and market research for identifying potential suppliers. We noted that considerations such as the dominant position of a firm or product in the market and continuity and interoperability were given primacy in proposing standards, rather than undertaking a cost-benefit analysis of competing firms, products and services as envisaged under the Financial Regulations and Rules. While we recognize the benefits of using a single product or technology to ensure smooth operations, interoperability and scaling-up, they are not an adequate justification for not undertaking a competitive comparison with other products in the market that might be more efficient or cost-effective, particularly in view of the fact that ICT companies are moving towards increased openness in their system design and features, thus making their products more amenable to integration, scale and interoperability.

371. We carried out specific scrutiny of the case for the replacement of Lotus Notes with the mail server Microsoft Exchange, as approved in June 2013. The standard for Lotus Notes had been renewed by the Information and Communications Technology Board in April 2010, to be valid until 31 December 2016. During the period 1999-2006, Headquarters had acquired more than 15,000 seats of Lotus Notes, with projected global implementation of more than 50,000 seats. In 2006, Headquarters had more than 40 Lotus Notes servers, which were being used at three data centres. While determining whether Lotus Notes should be the standard, the business case had indicated certain difficulties that would arise if Lotus Notes were not continued, such as difficulty in obtaining support globally, the need for support agreements to be developed with a different vendor, lack of interoperability of platforms in different environments, difficulty in upgrading various platforms, difficulty in providing a global addressing scheme, and the need for major retooling and retraining of global resources supporting e-mail installations in the United Nations. However, while Microsoft Exchange was recommended as the standard three years later, there was no mention as to how those difficulties would be addressed during the migration from Lotus Notes to Microsoft Exchange.

372. Furthermore, in the 2006 standard of Lotus Notes, it was noted that the Microsoft Exchange platform must run on Microsoft Windows operating systems, whereas Lotus Notes could run on operating systems preferred at the United Nations such as Linux or Sun Solaris. It also stated that Microsoft Exchange supported a client Outlook that was inherently insecure and was being exploited for the distribution of spam and virus messages. In the proposal for the standard of Microsoft Exchange, there was no indication as to how those issues would be addressed. Finally, the proposal for Microsoft Exchange stated that the capital cost for its initial deployment was $4.8 million, along with a recurring cost for software assurance of $1.3 million. However, there was no financial comparison with Lotus Notes, nor was there a cost-benefit analysis other than the statement that Microsoft Exchange lowered information technology costs while providing secure and compliant e-mail messaging services.

373. **The Board recommends that: (a) proposals for standards be evaluated in an empirical manner by clearly defining the operational requirements to be fulfilled; (b) in finalizing standards, market research be carried out with emphasis on the solution or benefit to be achieved; and (c) competitive bidding be the first line of approach in the larger interest of transparency in the Organization.**

374. The Administration stated that the Department of Field Support was engaged with the Office of Information and Communications Technology in revising the processes and protocols for standards through the Architecture Review Board.

No evaluation of the cost of change or migration

375. The Board observed that no evaluation of the cost of change was undertaken in the process of either bringing in new technologies or migrating to them as standards. Such costs include the costs of replacing old equipment and legacy systems with new ones and retraining existing staff on the new technology.

376. **The Board recommends that a comprehensive cost-benefit analysis be undertaken in adopting new standards or replacing old ones and that the standards be reflected in the business case proposing the change.**

377. The Administration stated that the Architecture Review Board had adopted a decision regarding the need to present a cost-benefit analysis or the total cost of ownership in the process of introducing new standards.

Contract amendments without the approval of the Headquarters Committee on Contracts

378. Paragraph 12.1.1 (a) of the Procurement Manual states that "The primary duty of the Headquarters Committee on Contracts is to ensure that proposed procurement actions are based, inter alia, on compliancy, fairness, integrity and transparency, and, as such, are impartial". The Committee provides advice on whether proposed procurement actions are in accordance with the Financial Regulations and Rules of the United Nations, the administrative instructions, the Procurement Manual and other relevant United Nations procurement norms. Paragraph 12.3.1 (e) of the Manual stipulates that any proposed amendment to a contract that had previously been reviewed by the Committee and would significantly affect the procurement process or the original contractual terms should be placed before the Committee for review. The Board reviewed 15 contracts awarded by the Procurement Division at Headquarters pertaining to the procurement of ICT assets and services, and noted two instances in which the Division had made significant amendments to contracts without a specific recommendation from the Committee, as discussed in the paragraphs below.

379. The United Nations had entered into a systems contract with a vendor for the provision of Earth satellite stations and related services in support of peacekeeping operations and special political missions for a period ending on 24 May 2011, which had been extended to 23 January 2015 through four successive amendments to the contract, with the latest having been made on 11 February 2014. Under the terms of the original contract, the vendor had provided a performance bond of $1.4 million. In May 2013, when the Procurement Division had contacted the vendor regarding the extension of the contract, the vendor had requested the deletion of the clause

relating to the performance bond. On 20 January 2014, the vendor had again sought the deletion of the requirement for a performance bond. The Division had sought a recommendation from the Committee only for a contract extension until January 2015, not for the deletion of the clause relating to the performance bond. At its meeting held on 23 January 2014, the Committee had queried whether the vendor was required to provide a performance bond. In response, the Division had informed the Committee that upon the receipt of a request from the vendor in May 2013 for the return of the performance bond, the Division had agreed and returned the bond after its expiration date of 23 May 2013, on the ground of the vendor's successful performance and since there was no risk to the United Nations in the event of the vendor's inability to perform. The Committee had recommended the extension of the contract without commenting on the issue of the performance bond. The contract clause relating to the bond had subsequently been deleted (see amendment No. 4 (11 February 2014), issued by the Division).

380. The Administration stated that the minutes of the meeting in question contained no reference to a discussion on the retention or deletion of the clause relating to the performance bond and that while the Headquarters Committee on Contracts had sought information about the bond, its recommendations had concerned only the extension of the contract and the not-to-exceed value. It added that the Director of the Procurement Division had the authority to decide what amendment would significantly affect the procurement process that had led to the original contract award.

381. The Board observed that the deletion of the requirement of a performance bond in a contract originally valued at $117.32 million (subsequently reduced by the Division to $60 million) fell under the ambit of paragraph 12.3.1 (e), referred to above, and that the Division should have sought a specific recommendation of the Headquarters Committee on Contracts regarding its deletion. In fact, it is evident from the minutes of the Committee meeting that the bond had been returned to the vendor in May 2013. The failure to seek a specific recommendation of the Committee for the deletion of the requirement of a performance bond breaches the requirements of paragraph 12.3.1 (e) and undermines the role of the Committee.

382. In another instance, a contract had been awarded to a vendor on 3 April 2009 with a not-to-exceed amount of $401,300 for the provision of an e-learning solution for the Office of Human Resources Management. The term of the contract was the period from 1 April 2009 to 29 April 2010. In March 2010, on the basis of a request from the Office for an extension of the contract for an additional year, the Committee had recommended the approval of the extension with an assurance from the Office that it would begin a new solicitation exercise and that the contract would not be further renewed or extended without competitive solicitation. However, the contract had been amended by the Procurement Division under its delegated authority for a further period until 29 September 2011. Subsequently, a proposal had been submitted to the Headquarters Committee on Contracts, at its meeting held on 13 September 2011, for an extension of the contract for one additional month, with the option to extend for another month (from 30 September to 29 November 2011). The Committee had asked the Division whether a further extension would be required, and the Division had confirmed that none would be required.

383. The Headquarters Committee on Contracts, while recommending the proposal, had expressed its dissatisfaction that the Procurement Division had used its

delegated authority to extend the contract, which ran counter to the basis on which the Committee had earlier recommended its approval. The Committee had reminded the Division of its concern that the vendor had been selected without competitive solicitation and reiterated that the Committee would not support any further extension of the contract under any circumstances. However, the contract had again been extended by the Division, from 1 December 2011 to 27 January 2012 (amendment No. 7) and again from 28 January to 27 February 2012 (amendment No. 8), contrary to the observations of the Committee.

384. The Administration stated that the Headquarters Committee on Contracts had indicated in March 2010 that the award should not be further extended without the prior initiation of a new competitive solicitation process. That process had been launched in September 2010. Thus, the recommendation of the Committee had been adhered to. The extensions had been made under the authority given to the Director of the Division by the Assistant Secretary-General for Central Support Services.

385. The Board observed that in March 2010, the Headquarters Committee on Contracts had recommended the initial extension, taking note of the assurances provided by the Office of Human Resources Management that the award would not be further extended without prior competitive solicitation. The intention of the Committee had clearly been that a new contract based on competitive solicitation be completed and that there be no need for further extensions. We noted that, in response to a query from the Committee as to why only one of the five technically qualified vendors had responded to the request for proposal, the Office had stated that the proposal selected offered the widest range of programmes and had been customized for actual United Nations portal needs. Despite the fact that more than one and a half years had elapsed since the Committee had made its recommendation, the solicitation process had not been completed and the contract had been repeatedly extended. The justification for the extensions on the basis that the solicitation process had been initiated is considered to be unconvincing and contrary to the letter and spirit of the recommendations of the Committee.

386. The Administration stated that the role of the Headquarters Committee on Contracts was advisory and that it provided advice to the Assistant Secretary-General for Central Support Services, who had the delegated authority to make decisions. The fact that the Assistant Secretary-General might on occasion choose not to accept the recommendations of the Committee did not negate the purpose of the Committee as an advisory body.

387. **Given the similar circumstances, the Board reiterates its recommendation made in paragraph 150 above, which emphasizes the need to strengthen the role of the Headquarters Committee on Contracts.**

Establishing delivery points

388. We observed that, except for the contracts involving sourcing for the strategic deployment reserve at Brindisi, the delivery points in most of the other contracts were left to the choice of the vendors, even though the equipment was intended for field missions, most of which were located far away from the stipulated delivery points. Under this arrangement, the United Nations assumed the full risks and responsibilities of shipping materials from the vendor's delivery point to the mission, and the Organization had to bear any loss due to theft during transit from the delivery point to the mission, as well as demurrage charges due to non-clearance

by the local authorities. We noted that in a similar situation of the supply of fuel and rations to missions that were also covered by system contracts, the delivery point was fixed not only at the mission's headquarters, but also at other locations or sectors within its area of operations, and the contractor assumed all the risks of theft, handling loss and storage losses for those items during transit.

389. **The Administration agreed with the Board's recommendation that it explore the possibility of shifting, fully or partially, the risk and responsibility of the supply of ICT equipment to the vendor by stipulating the delivery locations at the user missions after undertaking a cost-benefit analysis of such alternative arrangements.**

3. Utilization of information and communications technology assets

Delay in the utilization of procured assets

390. Paragraph 77 of the Department of Field Support standard operating procedures stipulates that field missions are to assess stocktaking and stock control procedures as well as order lead time to examine the factors leading to excess inventory and identify surplus for redistribution or absorption in the acquisition plan, improve the utilization of assets and reduce waste, deterioration and loss of stock. The Board reviewed the utilization of ICT assets at the missions, the Regional Service Centre and the Global Service Centre and observed the following:

(a) At the Global Service Centre, 205 ICT items, valued at $6.49 million, had remained in stock for more than six months in 2013/14;

(b) At the Global Service Centre, of the 553 items that had utilization rates of less than 50 per cent of their total life in stock, 246 (44 per cent), valued at $8.50 million, had been used for less than 10 per cent of their useful life. Of these, 114 were communications items constituting 46 per cent in terms of number and 74 per cent ($6.32 million) in terms of value and 132 were information technology items constituting 54 per cent in terms of number and 26 per cent ($2.18 million) in terms of value;

(c) At UNISFA, of the 565 ICT assets in stock, 345 (61 per cent), valued at $306,849, had been awaiting utilization for more than six months as at 30 June 2014. These assets had depreciated between 13 and 40 per cent of their cost of acquisition;

(d) There were a total of 409 ICT assets identified as "once used" at UNISFA as at 30 June 2014. An analysis of the age of these assets revealed that as at 30 June 2014, 59 per cent of them, valued at $1.24 million, had been awaiting utilization for more than six months after their last use. Furthermore, 29 items of communication equipment, valued at $393,090, had become obsolete and were lying at the Entebbe movement control warehouse;

(e) At MINUSMA, of the 4,832 items of ICT assets, 2,727 (56 per cent), valued at $5.07 million, had not been utilized for periods of more than six months since the date of their receipt at the Mission;

(f) Equipment intended for the "installation of 7.3-metre dish" had been procured on 10 May 2013 at a cost of $393,090 and had been received at Entebbe on 13 August 2013. The equipment had been held for more than one year without being commissioned. Similarly, equipment intended for the project "installation of 300-foot self-supporting tower", procured on 23 April 2013 at a cost of $66,600 and received at the site on 11 May 2014, had been decommissioned as at 30 June 2014. The mission stated that the National Aviation Safety Council had not approved the location of the project.

391. Therefore, ICT equipment valued at a total of $12.34 million had not been used for periods of more than six months as at 30 June 2014 at the Global Service Centre, UNISFA and MINUSMA. Such delays in the deployment of equipment raise doubts as to the justifications for their initial procurement and the acquisition planning process. Furthermore, the prolonged storage and non-utilization of these assets will result in their obsolescence and/or deterioration in terms of their quality and useful life, thus defeating the very purpose of their acquisition, and cause the diversion of funds from other potential uses.

392. The Administration stated that the Global Service Centre was actively monitoring the status of items in unit stock through monthly reviews of stock holdings, UNISFA faced logistical challenges in transporting assets from Entebbe to Abyei, and MINUSMA was still in the deployment stage.

Overestimation of bandwidth requirements

393. At the Global Service Centre, we observed from the monthly satellite bandwidth utilization data for the three years 2011/12 to 2013/14 that the utilization of bandwidth had ranged between 74 and 86 per cent. A reduction in bandwidth utilization of 10 per cent represents a savings of $150,000 per month. Similarly, at UNAMID we noted that the mission had estimated a data transfer rate of 40 GB per day for the transmission of mission-critical traffic from various sector headquarters and support bases to the Global Service Centre (Valencia or Brindisi) after first converging in El Fasher, and had accordingly leased bandwidth for the links. However, the actual transfer rate during a nine-hour period of interest (office hours) had been 25.63 GB. Thus, the mission had overestimated its data transfer rate, resulting in avoidable extra expenditure on the leasing of higher bandwidth.

394. The Board observed that there were no guidelines regarding the extent of redundancy (reserve bandwidth) that should be provided to cover emergency situations and that expenditure was being incurred for excess bandwidth without any assessment as to their necessity.

395. **The Board recommends that: (a) the procedures for the utilization of ICT assets, including the determination of whether the procurement was necessary in the first place, be reviewed so as to eliminate such prolonged delays in utilization; and (b) guidelines be formulated on the extent of redundancy required for leased bandwidth.**

396. The Administration concurred with the recommendation that it develop guidelines on leased bandwidth redundancy. The Global Service Centre would promulgate the guidelines by the first quarter of 2015. It added that UNAMID would discontinue the Entebbe and Brindisi links and retain only the Valencia link.

4. Deployment of human resources

Assessment and deployment of manpower for information and communications technology

397. The Board reviewed the assessed personnel requirements of the ICT services of missions under various categories of personnel, such as regular staff, United Nations Volunteers and contractors, against the actual staff members in place, and observed the following:

(a) UNAMID and UNISFA were operating at their full human resources capacity, even though several applications and processing work had been transferred to the Regional Service Centre and the Global Service Centre as part of the global field support strategy and the reformed ICT strategic initiative. There were no planned corresponding reductions of personnel in the ICT services of those missions;

(b) At the Global Service Centre, there was no formal policy in place for the assessment of ICT staffing requirements, which posed the risk of less-than-optimal provision of services and operational capabilities to missions and other field units;

(c) At UNAMID, approximately 50 per cent of the ICT work was being managed by non-regular staff (contractors and United Nations Volunteers) in the ICT services. Some 28 per cent of the work was being done by Headquarters system contracted contractors. The justification for the deployment of so many contractors in terms of man-hours was not available on record. United Nations Volunteers were deployed for roles in administration and asset management that could conceivably be nationalized. A high number (36) of people were deployed for asset management, even though all the warehouses of the various sections had been centralized under the centralized warehousing section. We noted that the systematic and planned reduction of the workforce in the ICT services due to the emergence of the Regional Service Centre had not yet been finalized, even though 11 staff members who otherwise would have been in Darfur were now located at the Centre.

398. The Administration stated that the ICT services of UNISFA had not been properly resourced from the outset and that the staff categories in the ICT services of UNAMID would be reduced by the second quarter of 2015.

Deployment of contractors

399. The budget guidelines state that if missions require a provision for international or local communications personnel under contractual arrangements, detailed justifications should be submitted along with cost estimates.

400. We found that while the missions, as well as the Regional Service Centre and the Global Service Centre, had approved and sanctioned strengths of regular staff for whom budget proposals were made every year, there was no approved strength for contractual staff in those entities, rather, provision for them was included as part of the maintenance and service budget line in the acquisition plans of the ICT services of the entities. This method of providing for human resources (contractors) through the maintenance and service budget line obviated the need to seek specific approval for the engagement of human resources by the missions.

401. **The Board recommends that: (a) the staffing requirements of each mission be reviewed to ensure that the number of staff engaged is commensurate with**

its requirements; and (b) a separate budget line be introduced to indicate the resource allocations and expenditure in the budgets of missions and those of the Regional Service Centre and the Global Service Centre for the deployment of contractors, as is done with respect to consultants.

402. The Administration stated that ICT manpower requirements were determined in accordance with the mandates and operational requirements of missions. It added that the Office of Programme Planning, Budget and Accounts would review the feasibility of establishing a separate budget line to indicate resource allocations for and expenditure on the deployment of contractors.

5. Information and communications technology security

Information security policy

403. Secretary-General's bulletins ST/SGB/2004/15, on the use of ICT resources and data, and ST/SGB/2007/6, on information sensitivity, classification and handling, set out the broad contours for the protection of ICT resources and data against prohibited activities. These are supplemented by several policies formulated by the Information and Communications Technology Division covering a wide range of ICT security issues and issued at different points in time.

404. However, there was no formal, locally approved ICT security policy in place at any of the missions audited by us; they stated that they were relying on the policies formulated by the Office of Information and Communications Technology at Headquarters. Given the threat perceptions arising out of complex local social, physical and political environments, the lack of a formal information security policy may entail the risk that missions will not be able to respond to challenges to ICT security in a planned and predictable manner. We also noted that all of these policies had been formulated in November 2009 and had not been updated thereafter, although their review was required after one year. The absence of regular reviews may render such policies redundant in the face of a rapidly changing technological environment and emerging threats.

Classification of information and communications technology resources

405. An information security policy should classify ICT resources and data according to sensitivity, criticality and ownership in order to provide different scales of security for those resources. The Board observed that ICT resources and data had yet to be so classified at UNISFA. At UNAMID, although the ICT services informed us that such classification was carried out by the respective data owners, we were not provided with any clear instructions or guidelines issued in that regard, nor was there any review at any level to confirm whether it was being diligently implemented. At the Global Service Centre, ICT resources and data were found to have been appropriately recorded and classified.

Inadequate information security awareness programmes

406. The ICT security awareness policy issued by the Information and Communications Technology Division stipulates that basic understanding of ICT security must be created among ICT resource users, regardless of the extent of their computer literacy. The policy also requires general security awareness training for

all ICT resource users, specific security awareness training for specific user groups and the issuance of security reminders, bulletins and e-mails to raise awareness.

407. At UNISFA and UNAMID, we observed that no formal ICT security awareness programmes had been held in the past three years. UNAMID stated that it was in the process of developing a portal for such a programme and that an awareness campaign would herald its launch. At the Global Service Centre, the Board noted that such a training programme had been organized only once in the past three years, during May-June 2014. The Centre stated that a comprehensive information security management system had been implemented and that the existing awareness campaign had been a requirement under that programme. The Regional Service Centre informed the Board that ICT security awareness was included in its induction training programme and that flyers and posters regarding security awareness were posted in strategic locations at the Entebbe base. MINUSMA stated that security awareness information was accessible in the public folder on its shared drive and on the Information and Communications Technology Division website.

408. The Board noted a lack of coherence and consistency in the security awareness programmes that might critically affect the missions' capacity to respond effectively to security challenges.

Inadequate information security incident management programme

409. An information security incident management programme is essential to ensure that security events are reported through appropriate management channels in a timely manner so as to permit analysis and remedial measures. At UNIFSA and the Regional Service Centre, we observed that there was no formal information security incident management programme. UNISFA stated that it was following an informal system of monitoring weaknesses and incidents at all levels in its network, applications and information. At UNAMID, although a formal information security incident management programme had been developed, it had yet to be adopted and implemented. There was also no clear guideline as to how employees, contractors and third-party users of information systems were to report any observed or suspected security weaknesses in systems. MINUSMA stated that it was part of the overall United Nations incident management programme but that it had no formal information security incident management programme.

410. Thus, responsibilities and procedures have yet to be firmly established at missions to ensure quick, effective and orderly responses to information security incidents.

Absence of a procedure to address threats to cyber security

411. Increasing use and reliance on the global Internet makes an organization's information technology resources vulnerable to attacks by computer viruses, worms, malware and phishing, which have the potential to cause major damage to the integrity of its data, software and hardware. It is thus essential that robust procedures be put in place to respond effectively to such breaches of cybersecurity. We observed that UNISFA and UNAMID had no established procedures to address cyberthreats; there were no cyberemergency response procedures or designated teams to effectively assess, respond to or mitigate breaches of cybersecurity. UNMISS, MINUSMA, the Regional Service Centre and the Global Service Centre

did not provide specific information in this regard, although such information had been requested.

412. The absence of such procedures has the potential to disrupt centralized information technology-enabled operations such as Umoja and other applications, the restoration of which could be both time-consuming and expensive.

No formal vulnerability assessment programmes

413. Systematic and periodic vulnerability assessments are essential to identify security threats to information security systems in an organization. The Board observed that UNISFA and UNAMID did not carry out periodic assessments or reviews of vulnerability to identify threats to their information security assets. UNISFA stated that informal requests were made to the security team at the Global Service Centre to assess threats whenever a new appliance was deployed at UNISFA. UNAMID stated that it had put in place detailed controls involving access control list on files, centralized authentication, authorization and accounting for network devices, and audit records for domain login to prevent unauthorized access, misuse of assets, modification and loss of critical data. However, the effectiveness of all of these access-related controls had never been independently evaluated through a security audit or even self-control assessments.

414. Lack of formal vulnerability assessments may compromise the ability of missions to identify threats to their information security resources and to formulate responses to deal effectively with those threats.

No formal policy for the disposal of information and communications technology assets

415. Information security requires a sound policy for the disposal of ICT assets in conformity with the ICT security requirements, which should include arrangements to ensure the secure disposal of hard drives and other removable storage media. The Board observed that there was an informal policy for the disposal of ICT assets only at UNISFA, under which such disposal was being carried out by the Property Disposal Unit under the monitoring of the ICT services. The informal policy required that the devices be flushed of all information, including licences and hard drives secured separately. At UNAMID, we observed that there was no policy for the disposal of ICT assets in conformity with the ICT security requirements. There was no arrangement to ensure the secure disposal of storage media and no policy or procedure for securing the removal of sensitive data or licensed software and complete sanitization of media prior to the disposal of ICT assets.

416. The absence of a formal policy in this regard may result in the unsafe and incomplete disposal of storage media, jeopardizing the mission's information security.

417. **The Board recommends that: (a) the Administration develop a comprehensive information security policy that includes detailed protocols that should be followed by missions and user units to secure information technology assets; (b) a concerted awareness drive be undertaken to sensitize users with regard to the threats to information security and the basic steps that should be adopted by all for cyberhygiene; (c) missions develop and implement formal information security incident management programmes delineating clearly the**

roles and responsibilities of ICT security personnel; and (d) the Administration explore the setting-up of an Organization-wide computer emergency response team to coordinate and respond to cyberincidents and cyberthreats and carry out real-time analysis in order to develop defensive measures to secure United Nations information assets, resources and data.

418. Accepting the recommendations, the Administration stated that a Secretariat-wide global policy committee had been established, a mandatory information security awareness programme had been developed and the setting-up of an Organization-wide incident response mechanism would be explored. It added that the information security incident management programme was in the process of being implemented and standard operating procedures to address threats to cybersecurity, including firewalls and content-filtering, were being put in place.

6. Information and communications technology business continuity and disaster recovery

419. There is a need for a structured approach to responding to unplanned incidents, including non-security incidents, that threaten the ability of missions to deliver their mandates. Such an approach comprises a compact business continuity plan, coupled with an equally robust disaster recovery programme for ICT assets. While the primary purpose of a disaster recovery programme is to protect all ICT systems, mitigate the impact of disasters and accelerate the recovery of ICT data and systems in the event of a disaster situation, a business continuity plan enables an organization to continue its core business uninterrupted or to recover it in the shortest possible amount of time. The Board observed the following:

(a) While disaster recovery programmes were largely in place, there were delays in the formulation of business continuity plans except at UNISFA and the Regional Service Centre, where such plans were in place. UNAMID had embarked upon the formulation of a business continuity plan only in July 2011, although the mission had been set up in 2007/08. A disaster recovery programme had been prepared for the ICT services in Entebbe in July 2013. The Global Service Centre did not have a business continuity plan in place, although a draft had been prepared in 2013. MINUSMA did not have a mission-specific business continuity plan. Lack of a formal, robust and updated business continuity plan made the missions vulnerable to business loss from external and internal threats;

(b) With the acquisitions of new ICT assets and new and emerging external and internal threats, it was imperative that business continuity plans and disaster recovery programmes be periodically reviewed. We observed that at UNAMID, the business continuity plan had not been reviewed or updated since its adoption in 2011, even though the plan itself required that it be reviewed every three months. At MONUSCO, the disaster recovery programme, approved in June 2011, had not been updated despite changes in critical systems, services and processes. Information in respect of UNISFA, MINUSMA and UNMISS was not made available, although such information had been requested;

(c) There was nothing on record at UNAMID or UNISFA to show whether the disaster recovery programme had been reviewed periodically by top management. At UNAMID, we found no follow-up action on the disaster recovery programme test report, even after one year, although it had flagged several concerns regarding clear definitions for all critical applications, services and data, difficulty in the replication strategy, difficulties in acquiring ICT equipment from the Regional Service Centre, difficulties in obtaining operational space, an absence of detailed strategies for both tier 1 and tier 2 sites, and the fact that the disaster recovery programme was not aligned with the business continuity plan;

(d) Business continuity plans and disaster recovery programmes should be tested periodically to ensure their robustness and effectiveness in dealing with actual disaster circumstances. At UNAMID, there was nothing on record to indicate whether the business continuity plan had been tested since its establishment in 2011, although a detailed testing regime was a part of the plan. UNISFA and MINUSMA also did not conduct such tests;

(e) The Information and Communications Technology Division recommended that at least two disaster recovery testing exercises be carried out annually. This recommendation was not followed at UNISFA, UNAMID, the Global Service Centre or the Regional Service Centre. At UNAMID, only one test had been conducted during the past three years, in February-March 2013, and there had been no full-fledged testing as at the date of audit. The business continuity plans and disaster recovery programmes of UNAMID and the Regional Service Centre required that an evacuation drill and full-scale exercise be held at least once a year. However, no such exercise had been carried out at either mission as at the date of audit;

(f) At the Global Service Centre, no detailed schedule for periodic disaster recovery exercises was contained in the plan, and only random disaster recovery exercises limited to 2 of the 35 disaster scenarios were found to have been carried out during the past three years. The Centre stated that it would continue to test the various disaster-risk-based scenarios on a progressive basis in accordance with the approved annual test plan. However, a testing plan based on the various scenarios identified in the disaster recovery programme had still not been developed, and no schedule had been incorporated into the programme;

(g) UNISFA stated that tests of its plans had not been conducted owing to operational reasons and a lack of qualified manpower. MINUSMA confirmed that in the absence of an approved disaster recovery programme, it had carried out no tests. Although the UNMISS disaster recovery programme contained provisions for the conduct of periodic tests, there was nothing on record to show that such tests had actually been conducted;

(h) At UNAMID, the various disaster recovery and management teams had not been informed of their roles and responsibilities and the membership of the teams had not been replenished, even after the exit of team members;

(i) Recovery from backup had not been periodically tested at the tier 1, tier 2 (Regional Service Centre) or tier 3 (Brindisi) recovery sites.

420. To be effective, the business continuity plan and the disaster recovery programme should be shared with key personnel and management, who should also be exposed to awareness and training programmes from time to time. We observed that at UNAMID, MINUSMA, UNISFA and the Regional Service Centre, no awareness or training programmes were organized to increase the level of understanding and awareness among the staff. Furthermore, at UNAMID the entire business continuity plan was treated as confidential and the membership of the recovery and crisis management teams had not been replenished, even after many

members of those teams had left the mission. While the disaster recovery and incident management teams had been constituted and their roles and responsibilities identified at the Regional Service Centre, there was no qualified person handling the disaster recovery programme and the business continuity plan at UNISFA.

421. In addition, the disaster recovery programme had not been disseminated to staff at UNAMID and the Regional Service Centre, and no awareness or training programmes had been organized at UNAMID, UNISFA and the Global Service Centre. It was stated that at MINUSMA a presentation had been made to key ICT services staff regarding the draft and final versions of the disaster recovery programme and circulated to relevant staff. While the disaster recovery programme of the Global Service Centre defined the disaster recovery teams and clearly identified their roles and responsibilities, the teams had received no training during the period 2011-2014. The Global Service Centre stated that it was included in the team workplan. At the Regional Service Centre, only a brief session had been held with technical operations staff in June 2014.

422. We verified whether systematic and periodic vulnerability assessments of missions' business continuity plans were being carried out to identify disaster or disaster-like threats. We noted that no formal vulnerability assessments had been carried out in the past three years at UNAMID and UNISFA. At UNAMID, all assets were assumed to be exposed to the same level of risk from the same threat, which was highly improbable.

423. **The Board recommends that: (a) business continuity plans and disaster recovery programmes be updated periodically after an in-depth re-assessment of threats and vulnerabilities; (b) each mission carry out risk assessments of all its critical ICT assets and formulate a robust risk management plan, which should be incorporated into its disaster recovery programme and business continuity plan; (c) missions carry out periodic tests so that the efficacy of their plans to handle emergency situations can be ensured; and (d) missions formulate a systematic schedule of awareness and training programmes for key staff handling the disaster recovery programme and business continuity plan in order to produce a reliable resource base to deal effectively with disaster or disaster-like situations.**

424. The Administration stated that it accepted the recommendations and that the missions as well as the Regional Service Centre and the Global Service Centre were taking various steps to promulgate robust business continuity plans and disaster recovery programmes. The Information and Communications Technology Division would coordinate with missions and update the operational resilience guidance documents to highlight the need for the effective dissemination of ICT operational resilience capabilities.

E. Disclosures by management

1. Write-off of cash, receivables and property

425. The Administration reported that property losses amounting to $9.02 million ($38.11 million in 2012/13) had been written off during 2013/14. The losses had been caused mainly by accidents, malfunctions and other circumstances. In accordance with financial rule 106.7, the Administration also stated that losses

amounting to $269,143.65 ($12,927,004.31 in 2012/13) had been written off in respect of cash and accounts receivable because they were considered irrecoverable.

2. Ex gratia payments

426. The Administration reported that, in accordance with financial regulation 5.11, an amount of $1,420 had been paid as an ex gratia payment at UNMIK during the reporting period.

3. Cases of fraud and presumptive fraud

427. The Administration informed the Board that: (a) 11 missions and the Global Service Centre had confirmed that there had been no fraud cases in 2013/14; and (b) 8 missions (MINURCAT, MINUSMA, MONUSCO, UNAMID, UNIFIL, UNMIL, UNMISS and UNOCI) had reported 39 fraud cases during the period under review, involving a known amount of $13,909. Details are shown in annexes IV and V to the present report.

F. Acknowledgement

428. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the Secretary-General, the Under-Secretaries-General for Management, Peacekeeping Operations, Field Support and Internal Oversight Services and the Officer-in-Charge of the Office of Programme Planning, Budget and Accounts and members of their staffs, as well as the staff at the missions.

(*Signed*) Mussa Juma **Assad**
Controller and Auditor General of the
United Republic of Tanzania
(Chair of the Board of Auditors)

(*Signed*) Shashi Kant **Sharma**
Comptroller and Auditor General of India
(Lead Auditor)

(*Signed*) Sir Amyas C. E. **Morse**
Comptroller and Auditor General of the
United Kingdom of Great Britain and Northern Ireland

22 January 2015

Annex I

Missions audited

Active peacekeeping operations

1. United Nations Mission for the Referendum in Western Sahara (MINURSO)
2. United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)
3. United Nations Stabilization Mission in Haiti (MINUSTAH)
4. United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)
5. African Union-United Nations Hybrid Operation in Darfur (UNAMID)
6. United Nations Disengagement Observer Force (UNDOF)
7. United Nations Peacekeeping Force in Cyprus (UNFICYP)
8. United Nations Interim Force in Lebanon (UNIFIL)
9. United Nations Interim Security Force for Abyei (UNISFA)
10. United Nations Interim Administration Mission in Kosovo (UNMIK)
11. United Nations Mission in Liberia (UNMIL)
12. United Nations Mission in South Sudan (UNMISS)
13. United Nations Operation in Côte d'Ivoire (UNOCI)
14. United Nations Support Office for the African Union Mission in Somalia (UNSOA)
15. United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)[a]

Special-purpose accounts

1. Peacekeeping Reserve Fund
2. United Nations Logistics Base at Brindisi, Italy (UNLB)
3. Support account for peacekeeping operations
4. Employee benefits funds

Closed peacekeeping operations

1. United Nations Operation in Burundi (ONUB)
2. United Nations Mission in Sierra Leone (UNAMSIL) and United Nations Observer Mission in Sierra Leone (UNOMSIL)

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[a] MINUSCA was established on 10 April 2014. The expenditure incurred on the mission in 2013/14 is included in the financial statements that were audited as part of our financial audit. The field audit of the mission will be conducted as from the financial year 2014/15.

3. United Nations Transitional Administration in East Timor (UNTAET) and United Nations Mission of Support in East Timor (UNMISET)
4. United Nations Iraq-Kuwait Observation Mission (UNIKOM)
5. United Nations Mission in Bosnia and Herzegovina (UNMIBH)
6. United Nations Mission of Observers in Tajikistan (UNMOT)
7. United Nations Support Mission in Haiti (UNSMIH), United Nations Transition Mission in Haiti (UNTMIH) and United Nations Civilian Police Mission in Haiti (MIPONUH)
8. United Nations Mission in the Central African Republic (MINURCA)
9. United Nations Observer Mission in Angola (MONUA) and United Nations Angola Verification Mission (UNAVEM)
10. United Nations Preventive Deployment Force (UNPREDEP)
11. United Nations Transitional Administration for Eastern Slovenia, Baranja and Western Sirmium (UNTAES) and Civilian Police Support Group
12. United Nations Observer Mission in Liberia (UNOMIL)
13. United Nations Peace Forces (UNPF)
14. Military Observer Group of the United Nations Verification Mission in Guatemala (MINUGUA)
15. United Nations Mission in Haiti (UNMIH)
16. United Nations Assistance Mission for Rwanda (UNAMIR) and United Nations Observer Mission Uganda-Rwanda (UNOMUR)
17. United Nations Observer Mission in El Salvador (ONUSAL)
18. United Nations Operation in Mozambique (ONUMOZ)
19. United Nations Operation in Somalia (UNOSOM)
20. United Nations Military Liaison Team in Cambodia (UNMLT)
21. United Nations Transitional Authority in Cambodia (UNTAC)
22. United Nations Transition Assistance Group (UNTAG)
23. United Nations Iran-Iraq Military Observer Group (UNIIMOG)
24. Special Account for the United Nations Emergency Force (UNEF) 1956
25. Ad Hoc Account for the United Nations Operation in the Congo (ONUC)
26. United Nations Mission in Ethiopia and Eritrea (UNMEE)
27. United Nations Observer Mission in Georgia (UNOMIG)
28. United Nations Mission in the Central African Republic and Chad (MINURCAT)
29. United Nations Mission in the Sudan (UNMIS)
30. United Nations Supervision Mission in the Syrian Arab Republic (UNSMIS)
31. United Nations Integrated Mission In Timor-Leste (UNMIT)

Annex II

Status of implementation of recommendations for the financial period ended 30 June 2013

			Status after verification				
Findings recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Asset management							
Long-term "never-used" assets							
1. The Board recommends that the Administration: (a) hold mission management accountable for checking stock levels before undertaking any acquisition activity; and (b) make the Global Service Centre responsible for monitoring missions' key performance indicators to ensure compliance with established asset management policies	para. 22	The Global Service Centre has initiated a monitoring system to follow up directly with missions on any non-compliance with established key performance indicators	The Administration has undertaken measures to implement the Board's recommendation. May be considered implemented	X			
Write-off and trans-shipment of the assets of liquidated missions							
2. The Board recommends that the Administration: (a) expedite the write-off process for assets left in the liquidated missions and achieve full disposal by the end of financial year 2013/14; and (b) enhance the management of transferred assets by promptly identifying the entity responsible for loss or damage during transfer-out and transfer-in delivery	para. 26	There are no new items pending acknowledgement by receiving missions. Items pending write-off are being duly processed for write-off	(a) This has been implemented (b) No status received. May be regarded as pending		X		

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Deficiencies in managing sensitive military assets							
3. The Board recommends that the Administration undertake a thorough review of the adequacy of the management of sensitive military assets, such as firearms and ammunition	para. 29	Missions have been requested to implement relevant policies. Additional information was provided in para. 14 of A/68/751	The material provided by the Department of Peacekeeping Operations/Department of Field Support shows that the recommendation has been implemented	X			
Procurement and contract management							
Acquisition planning							
4. The Board recommends that the Administration establish a formal structured framework to guide acquisition planning processes to enable improved levels of procurement consolidation in peacekeeping operations	para. 35	The Department of Field Support is developing standard operating procedures to guide missions' acquisition planning and subsequent review. A high-level strategic acquisition review panel is to be established in the Department at Headquarters to consider complex, sensitive or high-value requirements that are not being met through existing system contracts	May be regarded as implemented (all), as a standard acquisition plan template was developed and shared with the missions to ensure consistency in the development of acquisition plans. Consolidated peacekeeping acquisition plans were submitted to the Procurement Division	X			

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
5. The Board also recommends that the Department of Field Support enhance control over the formulation of acquisition planning by establishing: (a) an enhanced review of both the requisition plan and its implementation; and (b) harmonized standard operating procedures for acquisition planning across missions	para. 36			X			
Solicitation process							
6. The Board recommends that the Procurement Division establish a mechanism to enable all registered vendors to have the opportunity to bid at some point in the interest of fairness and transparency	para. 39	The Administration informed the Board that established mechanisms, such as subscription to the Tender Alert Service and requests for expressions of interest on the websites of both the United Nations Global Marketplace and the Procurement Division, ensured that all registered vendors had sufficient opportunities to bid With regard to the availability of the new iOS version of the Procurement Division's mobile application to the public, initially planned for October 2014, the Division has integrated the new version with its production systems. However, it is not yet available to the public, as the Office of Information and Communications Technology needs to reconfigure the firewall	Recommendation is under implementation. Management has set the target date for completion as the first quarter of 2015		X		
7. The Administration accepted the Board's recommendation that UNMISS: (a) comply with the Procurement Manual by requesting both Delivered at Place and Free Carrier prices for solicitations for determination of the best shipping model; and (b) enhance the management and monitoring of shipping terms by establishing guidance on the selection of shipping methods	para. 40	UNMISS has initiated actions to implement the recommendation by developing a template that has become part of standard solicitation documents	May be regarded as implemented on the basis of the action taken at UNMISS and information provided by the Department of Field Support	X			

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
8. The Administration accepted the Board's recommendation that it: (a) optimize the availability of prompt payment discount rates during contract negotiations; and (b) establish a mechanism to monitor the implementation of such discounts.	para. 42	The Department of Field Support stated that it would remind missions to establish a mechanism to monitor the recovery of prompt payment discounts	Part (a) may be considered implemented Part (b): the Department of Field Support has not provided the details in its compliance report. Hence, part (b) may be considered pending		X		
Contract and vendor management							
9. The Procurement Division accepted the Board's recommendation that it enhance the collection of contractor performance reports, and make better use of the information, to facilitate decision-making in contract awards or extensions	para. 44	The Administration would like to note that redeployments across groups and classes are an essential feature of allotment management aimed at providing missions with the flexibility required for the delivery of their mandates. The variances against the approved budget that arise during budget implementation are reported to the General Assembly. Given that proper management of funds is an important feature to ensure accountability in budget implementation in accordance with approved legislative mandates, the Office of Programme Planning, Budget and Accounts will continue its stringent monitoring and review of redeployments of funds between groups and, where necessary, seek further clarification or justification from the peacekeeping missions	Recommendation is under implementation. Management has set the target date for completion as the third quarter of 2015		X		

Findings recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Regional Procurement Office							
Joint acquisition plan procurement							
10. The Board recommends that the Procurement Division assess the lessons to date in developing joint acquisition plans and address the areas where there is scope for improvement	para. 52	The Department of Management has implemented the recommendation. The target dates have been included in the regional acquisition plan	Implemented	X			
Mission-specific procurement							
11. The Procurement Division agreed with the Board's recommendation that, in consultation with the Office of Central Support Services, it explicitly define the role and nature of mission-specific procurement undertaken by the Regional Procurement Office	para. 56	Remedial action has been taken. A newly developed framework policy for the Regional Procurement Office addresses the issue	Implemented on the basis of action taken	X			
Risk management in solicitation activities							
12. The Board recommends that the Procurement Division, in consultation with the Office of Legal Affairs, re-evaluate the validity and cost-effectiveness of innovative solicitation methods	para. 59	The Board is kindly requested to take note of the fact that the risks inherent in the special solicitation process and the resultant contracts are mitigated by various contractual clauses, such as those regarding a performance bond and liquidated damages as well as the termination or suspension of the contract. The solicitation in question, a third-party logistics contract, was completed properly and in accordance with our rules, regulations and policies. The Procurement Division uses recognized best practices in solicitation methodology	The response given by the Administration is accepted				X

Findings recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Cost-benefit evaluation and reporting							
13. The Administration agreed with the Board's recommendation that it define a consistent and more robust evaluation method for assessing the cost-effectiveness of the Regional Procurement Office	para. 62	The Administration agreed to work, under the guidance of the Procurement Division, on establishing a comprehensive cost-effectiveness methodology that is quantifiable, objective and consistent	The recommendation is expected to be completed by the first quarter of 2015		X		
Budget formulation and management							
Mission-specific weaknesses							
14. The Board recommends that the Administration review all the identified weaknesses in budget formulation, and develop improved principles and methodologies for each budget item, to assist missions in formulating realistic, consistent and reliable budgets	para. 68	The Administration would like to clarify that the distinct institutional role of the Office of Programme Planning, Budget and Accounts in relation to budget formulation is to provide the overall guidance set out in the Controller's instructions issued in July of each year, which address peacekeeping cross-cutting and mission-specific issues arising from decisions, requests and recommendations made by the legislative bodies during their consideration of the proposed budgets for the then-current financial period. The Office will continue to regularly review the Controller's budget instructions and costing forms and make adjustments to meet legislative requests, recommendations and requirements and audit recommendations and make other improvements to facilitate the work of the missions	Necessary instructions have been issued by management We test-checked the performance at MINUSTAH, UNAMID and UNFICYP in respect of contingent-owned equipment. We found that the deviation of actual expenditure from the budget was insignificant (6%, 3% and 1.5%). May be regarded as implemented	X			

			Status after verification				
Findings/recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Budget formulation: common weaknesses across missions							
15. The Board recommends that the Administration update the current costing sheet templates to embed historical data and other relevant information regarding each budget item	para. 70	As communicated to the Board, the recommendation to embed in the costing sheet templates historical data and other relevant information regarding each budget item is not currently feasible, given the technical limitations of the tools used for budget formulation. Such information would represent a significant additional volume of data that would compromise the integrity of the Excel files used. At the same time, the Administration would like to clarify that the review and assessment of budget proposals are carried out from the time a budget proposal is submitted to Headquarters until the finalization of a budget report. Each proposal for resource requirements is reviewed taking into account the mandate of the mission, historical budget implementation, justifications provided by the missions for the proposed requirements, the Financial Regulations and Rules of the United Nations and decisions and recommendations of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the Board and OIOS. During the review process, the Office of Programme Planning, Budget and Accounts maintains liaison with the Department of Field Support on all questions and clarifications with respect to peacekeeping mission resource proposals, and additional justifications or supporting information with respect to the proposed requirements may be requested. The information contained in the costing sheets, as well as additional justifications and subsequent supporting information provided during the review process, through formal memorandums, exchanges of e-mails, meetings and phone conversations, form the basis of the proposed budgets	The Office of Programme Planning, Budget and Accounts stated that the Board's recommendation is currently not feasible. The explanation given is acceptable. We may close the recommendation				X

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Headquarters budget review							
16. The Board recommends that the Administration develop a comprehensive and standardized budget review process detailing the review methodology and clarifying the information missions need to submit and the respective roles and accountabilities of the Department of Peacekeeping Operations, the Office of Programme Planning, Budget and Accounts and the Department of Field Support in budget review	para. 74	On the basis of lessons learned from the joint review of budget proposals at Headquarters, improvements will be proposed where applicable	On the basis of the lessons learned from the joint review of budget proposals at Headquarters, the Controller issued comprehensive guidance on 24 July 2014 clarifying the roles and responsibilities of various actors in the budget process May be regarded as implemented	X			
Mission budget review							
17. The Board recommends that the Administration consider the establishment of sub-steering committees at all missions to conduct an in-depth and comprehensive review of resource estimates to enable more effective decision-making by the budget steering committees	para. 78	The Administration will remind missions that have no established review process to put such a mechanism in place. This will ensure additional review of the budget before the heads of mission submit the budget proposals to Headquarters	To improve the budgetary process at the missions, the Department of Field Support provided guidance to missions in August 2014 May be regarded as implemented	X			
Frequent and widespread budget redeployments							
18. The Board recommends that the Administration strengthen its monitoring of the status of the allotment of missions and ensure that proper approval is obtained before redeployments are made between groups and classes	para. 82	This is an ongoing activity. As part of the proper management of funds, the Office of Programme Planning, Budget and Accounts will continue its stringent monitoring and review of redeployments of funds between groups and, where necessary, seek further clarification or justification from the peacekeeping missions	Variances continue to exist. The recommendation is under implementation		X		

Findings/recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Board's assessment*	*Status after verification*			
				Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
Redeployment requested by Headquarters to cover unbudgeted costs							
19. The Administration agreed with the Board's recommendation that costs for key cross-mission projects be adequately discussed and considered at the budget formulation stage and budgeted formally and from the outset, rather than through redeployment	para. 85	Umoja costs for the 2014/15 financial year have been communicated to all missions and will be included in their future budgets	The costs have been budgeted under the head enterprise resource planning project, with amounts shown under the support account. We may regard this recommendation as implemented	X			
Human resources management							
Deployment of civilian staff							
20. The Board recommends that the Administration review how it might: (a) strengthen the linkage between mandate and staff deployment; and (b) reinforce management accountability by importing a deployment indicator into the human resources management assessment system	para. 90	(a) Security considerations have a fundamental impact on deployment to the deep field. In many cases, peacekeeping missions deploy to countries with challenging security conditions, making it difficult to deploy civilian staff until security has improved. The global field support strategy concept is aimed at reducing the administrative support staff footprint through the centralization of services to maximize efficiency The General Assembly, in its resolution 64/269 (sect. VI, para. 3), noted that the global field support strategy outlined a broad and useful framework for improving the efficiency and effectiveness of service delivery to field missions and the better use of resources, including through the provision of common services. Accordingly, full implementation of this recommendation is not achievable, as it would run counter to the principles of the global field support strategy being implemented at peacekeeping operations (b) Same as recommendation 90 (a) above	In the light of management's reply, the recommendation is considered overtaken by events				X

				Status after verification			
Findings/recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
National staff recruitment							
21. The Board recommends that the Department of Field Support and the Office of Human Resources Management develop a national staff recruitment standard operating procedure and establish how they will monitor and enforce mission compliance	para. 93	The Office of Human Resources Management has indicated that a revision of the administrative instruction on the staff selection system has been drafted and circulated for comments. The policy will be extended to locally recruited staff at field missions to ensure that there is a common selection policy. Once the administrative instruction is finalized and promulgated, the Department of Field Support will develop a national staff recruitment standard operating procedure to be used by the field missions	The implementation of the recommendation is expected to be completed by the first quarter of 2015		X		
Evaluation and accountability							
22. The Board recommends that the Administration: (a) continue to monitor and expedite the appraisal of staff in all missions; and (b) strengthen the linkage between performance in appraisals, accountability for delivery and reward and recognition	para. 96	(a) Guidance has been circulated to missions on the completion of performance evaluations in a timely manner (b) A performance management indicator (100% end-of-year compliance) has been added to the head of department/mission compacts for 2014	(a) As at 1 July 2014, 89% of staff at peacekeeping missions had completed their performance evaluations for 2013/14 (b) This has also been implemented The recommendation may be regarded as implemented	X			
Vehicle fleet management							
23. The Board recommends that the Administration: (a) take into account identified factors such as the mission transport area when revising the transport manual; and (b) in line with the new regulations, require missions to conduct a survey to determine their specific operational requirements for vehicles and how they will optimize vehicle distribution accordingly	para. 107	The Administration is drafting a new surface transport manual in which these issues will be addressed in related chapters on "Assignment of vehicles" and "Transportation to and from work"	Manual issued. May be considered implemented	X			

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Air operation management							
24. The Board recommends that the Administration strengthen aviation management by improving the link between planning assumptions, operational requirements and contractual/budgeting processes based on the development of an effective performance measurement framework	para. 110	The implementation of an aviation inventory management system could address the monitoring of air resources utilization. Full roll-out to all missions was scheduled during February-April 2014	An aviation inventory management system has not yet been implemented		X		
Fuel management							
Strategic fuel reserves							
25. The Board recommends that UNDOF and UNOCI establish a strategic fuel reserve as soon as possible to support the mission mandate	para. 114	UNOCI has initiated action to establish a strategic fuel reserve in the mission area. At UNDOF, strategic fuel reserves have been established only in certain areas owing to local circumstances	A new fuel requirement at UNOCI is being finalized, after which fuel levels will be held to the level of requirements At UNDOF, the standard operating procedure has been amended in accordance with the prevailing circumstances		X		
Control over fuel under the turnkey contract model							
26. The Board recommends that the Administration enhance the effectiveness of monitoring of fuel consumption through trend analysis, systematic reporting of abnormal consumption, prompt corrective and disciplinary action against suspected frauds, and the promotion of monitoring tools such as the electronic fuel management system	para. 117	The action taken is to be communicated by management	Due by the fourth quarter of 2014		X		

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Weakness in fraud prevention in fuel management							
27. The Board recommends that the Administration enhance the role of the Fuel Operation Unit in fuel fraud prevention	para. 121	The action taken is to be communicated by management	Due by the fourth quarter of 2014		X		
28. The Board also recommends that the Administration encourage the Fuel Working Group to start communication activities as soon as possible, and establish a similar coordination mechanism within fuel-related units at missions	para. 122	The action taken is to be communicated by management	Due by the fourth quarter of 2014		X		
Construction project management							
29. The Administration agreed with the Board's recommendation that it: (a) expedite the promulgation of governance guidelines for major construction projects; and (b) obtain timely status reports on projects in missions to facilitate effective project monitoring and intervention	para. 126	(a) Guidelines will be finalized during the second quarter of 2014 (b) UNAMID has taken remedial action	(a) Guidelines were issued on 1 October 2014 (b) Management has been obtaining quarterly reports from the missions May be considered implemented	X			
Medical support management							
30. The Board recommends that the Administration: (a) enhance medical supply management in field missions, including enhanced coordination and cooperation across missions; and (b) evaluate the functionality of equipment that has exceeded its expected life and periodically assess the functionality of all medical equipment to mitigate the potential risks to personnel and overall operational effectiveness	para. 131	The Department of Field Support will: (a) Remind the missions to report slow-moving medical supplies to it so that these can be transferred to other missions (b) Liaise with the missions to maintain 60-day reserves of medicines and consumables to avoid shortages (c) Require the missions to review their equipment on a semi-annual basis (d) Review the functional status of medical equipment	In the light of the reply, we can regard the recommendation as implemented	X			

Findings/recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Board's assessment*	*Status after verification*			
				Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
Implementation of the global field support strategy							
General and cross-pillar observations							
The end-state vision for each pillar of the global field support strategy needs to be clearly defined 31. The Administration agreed with the Board's recommendation that it clearly define the end state for each of the global field support strategy pillars, including end-state articulations on functional specialization for service providers, business process improvement and leveraging the benefits associated with Umoja and IPSAS. These should all be clarified in the next annual global field support strategy performance report	para. 136	**The recommendation has been implemented**. The Administration submitted clearly defined end states in A/68/637 and Corr.1	We accept the Administration's reply	X			
The need for a systematic approach for missions implementing global field support strategy tools and principles 32. The Administration agreed with the Board's recommendation that it develop a more systematic approach for missions to draw on when implementing global field support strategy tools and principles. This will include a plan on how such tools and principles will be deployed in missions after the five-year project duration	para. 141	**The implementation of the recommendation is in progress**. The Administration is currently preparing guidance that will ensure the sustainment of the global field support strategy beyond 1 July 2015. A detailed report on this guidance will be included in the final progress report on the implementation of the strategy	We accept the Administration's reply		X		

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Governance							
33. The Administration agreed with the Board's recommendation that it: (a) improve coordination across the modularization project, especially between the Global Service Centre, the Logistics Support Division of the Department of Field Support and the Procurement Division; (b) strengthen the functioning of the revised modularization project governance; and (c) clarify the work scope and authorities of strategic flights between the Strategic Air Operations Centre at the Global Service Centre and the Transport and Movement Integrated Control Centre at the Regional Service Centre	para. 144	(a) The project manager is the head of Logistics Services at the Global Service Centre. In this regard, project leadership and accountability are fully aligned and all project inputs are coordinated by the project manager and the project sponsor. Any project delays or risks of delay are raised by project management at the level of the Global Service Centre Steering Committee for resolution The Director of the Global Service Centre has been identified as the single project sponsor for projects under the modularization pillar of the global field support strategy, in line with the decision made by the Global Service Centre Steering Committee at its 8th meeting, on 2 October 2013. The Director of the Centre has appointed the head of Logistics Services at the Centre as project manager. Additionally, the Centre has improved its coordination with counterparts at the Logistics Support Division of the Department of Field Support and the Procurement Division through regular videoteleconferences, facsimiles and the joint updating of the programme implementation plan (b) The project manager is the head of Logistics Services at the Global Service Centre. In this regard, project leadership and accountability are fully aligned and all project inputs are coordinated by the project manager and the project sponsor. Any project delays or risks of delay are raised by project management at the level of the Global Service Centre Steering Committee for resolution	(a) We accept the reply of the Administration. We also accept the transition to the Strategic Project Oversight Committee to provide a forum in which a wider set of projects of a cross-cutting nature related to the global field support strategy can be overseen beyond the limited framework of Global Service Centre oversight (b) We accept the reply of the Administration (c) We accept the reply of the Administration	X			

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Status after verification: Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		(c) **The recommendation has been implemented**. The roles and responsibilities of the Transportation and Movements Integrated Control Centre at the Regional Service Centre are clearly defined in para. 79 (b) of A/64/633 and para. 27 of A/64/643. Similarly, the roles and responsibilities of the Strategic Air Operations Centre at the Global Service Centre are clearly defined in para. 28 of A/64/643. The revised roles and responsibilities of the Transportation and Movements Integrated Control Centre vis-à-vis the Strategic Air Operations Centre and the Mission Air Operations Centre were presented to the Regional Service Centre Steering Committee at its 24th meeting and endorsed by the Committee					
Project communication strategy							
34. The Board recommends that the Administration review and enhance its approach to the communication strategies and approaches being adopted across the global field support strategy initiative, and that concrete actions be taken to address the findings from the surveys undertaken	para. 148	**The recommendation has been implemented**. The Administration has taken measures to improve the global field support strategy communication strategy, including: (a) a survey conducted in January 2014; (b) the issuance of dedicated fact sheets for each of the pillars of the strategy; (c) the updating and enhancement of strategy information on the United Nations Internet web page; (d) the development and dissemination of a comprehensive communication toolkit on the strategy; (e) related reform initiatives for managers and staff at Headquarters and missions; and (f) the establishment of a dedicated web page on field support reform on the United Nations peacekeeping operations intranet. The results of the survey are available for review at the strategy's ICT office	We accept the reply of the Administration. This was verified during audit	X			
35. The Board also recommends that the Administration nominate a staff member to be responsible and accountable for the full implementation of the Regional Service Centre communication strategy	para. 149	**The recommendation has been implemented.** In February 2014, the Regional Service Centre Steering Committee endorsed a new organizational		X			

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
		structure for the Centre that included a Change Management and Communications Unit. The organizational structure was presented to the General Assembly as part of A/68/731. The Chief of the Change Management and Communications Unit was onboarded in April 2014					
Performance management							
36. The Administration agreed with the Board's recommendation that it: (a) establish baselines and targets for the strategic key performance indicators and clarify the methodology to collect the data relating to baselines and actual performance; and (b) clearly define the reporting periods and frequency for key performance indicators	para. 155	(a) **The recommendation has been implemented.** The Administration has submitted the revised performance framework, which is contained in annex I to A/68/731. The framework contains clear performance indicators and reporting timelines for all the strategic pillars of the global field support strategy	We accept the reply of the Administration	X			
Insufficient and incomplete reporting of some performance 37. The Administration agreed with the Board's recommendation that it refine the reporting of its performance against the established key performance indicators at the Regional Service Centre to ensure that performance is reported in a more detailed and comprehensive manner	para. 158	**The recommendation has been implemented.** The Regional Service Centre has refined its key performance indicators to reflect, as much as possible, end-to-end processes that are now organized by service line rather than by function. The Centre has produced its first and second quarterly reports since the inception of the new service delivery model for the period from January to June 2014	Accepted in view of management's reply	X			

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification			
				Implemented	Under implementation	Not implemented	Overtaken by events
Benefits management							
38. The Board reiterates its previous recommendation that the Administration: (a) develop a benefits management strategy for the global field support strategy; (b) report the cost savings and benefits, either direct or indirect, qualitative or quantitative, in a consolidated manner against the original objectives of the global field support strategy; and (c) ensure that a standardized methodology is developed to calculate and fully substantiate all the savings	para. 161	(a) **The recommendation has been implemented.** The Administration submitted the benefits management strategy to the General Assembly in the context of A/68/637 and Corr.1 and annex I to A/68/731 (b) **The recommendation has been implemented.** The Administration submitted consolidated cost savings and benefits to the General Assembly in table A.5 of annex I to A/68/731 (c) **The recommendation has been implemented.** The Administration submitted to the General Assembly the cost forecasts and actual costs in table A.5 of annex I to A/68/731	In view of management's reply, the recommendation is regarded as implemented	X			
Service centres							
Planning and arrangements for the transfer of functions 39. The Board emphasizes the recommendation made previously (see A/67/5 (Vol. II), chap. II, para. 202) that the Administration establish comprehensive and effective planning arrangements for the transfer of functions	para. 167	**The recommendation has been overtaken by events.** The Department of Field Support wishes to clarify that the only transfer proposed was the education grant function from the Global Service Centre to the Regional Service Centre. The Administration submitted a proposal to consolidate education grant functions at the Regional Service Centre in annex I to A/68/731, but the request was not approved by the General Assembly. Accordingly, it is anticipated that no functions will be transferred between the Centres	As shown in management's reply, this recommendation has been overtaken by events				X

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification: Implemented	Status after verification: Under implementation	Status after verification: Not implemented	Status after verification: Overtaken by events
Service delivery in the Regional Service Centre 40. The Board recommends that the Administration sufficiently plan all arrangements before shifting from a function- to a service line-based service delivery model, and address the shortcomings in the Regional Service Centre's service delivery quality	para. 170	**The recommendation has been implemented.** The restructuring of the Regional Service Centre into service lines took into account the specific nature of the F10 claim process as well as the backlog. The claims service line now processes 90 per cent of all claims. In addition, the backlog of F10 claims was reduced significantly after the stabilization of the Field Support Suite and Umoja, the establishment of the service lines in early 2014 and the re-engineering of the claims service line. To further increase the speed and quality of service delivery for claims, the Centre has introduced staggered payment of residential security claims, in which the processing is done every four to six months to reduce the number of claims submitted each month. Furthermore, the Centre's Quality Management Unit has been established to address issues of performance and improve processes, in addition to its role in tracking the key performance indicators contained in the Centre's budget and service level agreements with client missions. At present, 3 of the 11 service lines (entitlement travel, claims and onboarding and separation) have been re-engineered, while the mapping of "as-is" processes has been completed for the remaining service lines	We accept the reply of the Administration	X			

Findings recommendations	*Reference in A/68/5 (Vol. II), chap. II*	*Action reported by management*	*Status after verification*				
			Board's assessment	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
Education grant processing needs further consolidation 41. The Administration agreed with the Board's recommendation that it consolidate education grant processing functions being performed at the Global Service Centre and the Regional Service Centre to facilitate consistent working processes and improved education grant service delivery	para. 173	**The recommendation has been overtaken by events.** The Administration submitted a proposal to consolidate education grant functions at the Regional Service Centre, as detailed in annex I to A/68/731. However, the proposed transfer was not approved by the General Assembly. On the basis of the above explanation, the Department of Field Support requests the closure of the recommendation	We accept the reply of the Administration				X
Civilian predeployment training not being performed at the Regional Service Centre							
42. The Board recommends that the Administration conduct a wider review and present a business case on whether the Regional Service Centre is the optimal location to take over civilian predeployment training, and develop a comprehensive implementation plan for the transfer if considered viable	para. 176	**The implementation of the recommendation is in progress.** A comprehensive review of predeployment training for civilian staff is under way in order to look into the learning activities to be undertaken for staff deploying to missions, including the modality of its delivery and how best to adapt its content to various audiences. The review, which is expected to be completed in September 2014, will also consider the viability of delivering the face-to-face component of the global training programme at some locations on the basis of criteria such as cost, expertise and infrastructure on site	Under implementation		X		

Findings recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Optimizing the use of air resources							
43. The Board recommends that the Administration analyse the performance of aircraft under the tasking authority of the Transportation and Movements Integrated Control Centre	para. 179	**The recommendation has been overtaken by events.** According to the revised roles and responsibilities of the Transportation and Movements Integrated Control Centre endorsed by the Regional Service Centre Steering Committee at its twenty-fourth session, the Centre has no tasking authority with regard to aircraft. In addition, UNAMID discontinued the contract for the MD-83 aircraft in February 2014, while the tasking authority regarding the B737 Combi was transferred to UNSOA in May 2014	We accept the reply of the Administration				X
44. The Board also recommends that the Transportation and Movements Integrated Control Centre review and refine, in collaboration with client missions, its integrated regional flight schedule on a regular basis, aiming for optimized regional air transportation through integrated planning and execution based on aggregated demand	para. 180	**The recommendation has been overtaken by events.** The regional flight schedule was discontinued on 17 May 2014. In addition, MONUSCO discontinued the use of the B737 Combi for the regular Entebbe-Kisangani-Kinshasa flight owing to the relocation of its headquarters from Kinshasa to Goma	We accept the reply of the Administration				X

				Status after verification			
Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Finance pillar							
45. The Board recommends that the Administration: (a) base funding for staffing costs on the staffing table actually being proposed if available at the time of submitting the standardized funding model budget (as in the case of MINUSMA); and (b) improve the estimation model for aircraft numbers in the first year of operation	para. 187	(a) The Department of Field Support would like to clarify that the funding requirement for civilian personnel in the standardized funding model is based on recruitment experience and achievability in the first year of a new start-up mission. Therefore, it is already reflective of realistic and appropriate phased deployment of civilian personnel, which in turn provides for a more responsive funding requirement in the standardized funding model for civilian personnel. However, the Department considers that, where possible, the actual planned staffing table for a mission should be used in the standardized funding model, if available at the time of the submission of the standardized funding model budget, as proposed by the Administration and as was the case with the MINUSMA budget (b) The Department of Field Support reiterates that several factors influence the deployment of aircraft. As earlier explained to the Board, the model recognizes that the requirements for aircraft are best represented by the size and logistical challenges of the mission; the standard fleet of 11 aircraft for scenario I missions and 34 aircraft for scenario II missions therefore remains appropriate. This model is necessarily simplified, since in discussions with subject-matter experts, it was determined that it is difficult to create a standard that provides a more detailed level of certainty with flexibility to cover all possible scenarios. To address this, an option has been incorporated into the standardized funding model to allow for the establishment of a mission-specific air fleet that incorporates all the factors noted in para. 186 (a) of the Board's report	In the light of management's reply, the recommendation is considered implemented	X			

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
46. The Administration agreed with the Board's recommendation that it establish a resource management committee (or similar mechanism) in MINUSMA to improve resource stewardship	para. 188	**The recommendation has been implemented.** MINUSMA has established a budget and resource management committee to assist the head of mission in the strategic use of the Mission's resources	We accept the Administration's response	X			
Modularization							
Significant delays in the development of the statement of work for enabling capacity 47. The Board recommends that the Administration expedite the development of the remaining seven modules and the associated procurement strategy for enabling capacity within the one and a half years left for the global field support strategy to be implemented, so that capability for rapid mission deployment is fully achieved as soon as possible	para. 195	**The implementation of the recommendation is in progress.** The Administration has revised the service packages for enabling capacity from seven packages to five, comprising a 50-person camp, a 200-person camp, a 1,000-person camp, a log base and an airbase. As indicated in our previous comments, the development of the service packages is on schedule and will be completed by the second quarter of 2015	We accept the reply of the Administration		X		

Findings/recommendations	Reference in A/68/5 (Vol. II), chap. II	Action reported by management	Status after verification				
			Board's assessment	Implemented	Under implementation	Not implemented	Overtaken by events
Supply chain reform							
48. The Board recommends that the Administration, drawing on lessons from the project management of the global field support strategy, address deficiencies in the management of the supply chain reform. In particular, the Administration should establish effective project governance and a dedicated team and formalize the concept document so that each party can clearly understand the vision, project timeline, roles and responsibilities, and can accept its accountability for delivery	para. 204	**The implementation of the recommendation is in progress.** A cross-functional team chaired by the Director of the Logistics Support Division has been formed with representatives from various functional areas, including the Logistics Support Division, the Global Service Centre, the Field Personnel Division, the Field Budget and Finance Division, the Information and Communications Technology Division, the global field support strategy implementation coordination team, the Umoja team and the Procurement Division. The cross-functional team is responsible for finalizing and formalizing the concept document to give clear ideas about a vision, strategy and road map for the implementation of supply chain management. The Transportation and Movements Integrated Control Centre at the Regional Service Centre and the Integrated Operational Team have been identified as client representatives for this initiative	We accept the reply of the Administration		X		
Deficiencies in global asset management 49. The Board recommends that the Administration address the identified deficiencies in acquisition planning and global asset management	para. 209	**The implementation of the recommendation is in progress.** The Global Service Centre is responsible for the "clearing-house" functions of global asset management at peacekeeping operations. A revision of the asset management policy is under way in order to establish a new threshold for the acquisition of assets, taking into account the lessons learned during the first year of implementation and the feedback received from field missions. The Centre is working closely with the field procurement liaison team of the Department of Field Support to mainstream the acquisition planning process into global asset management	We accept the reply of the Administration		X		
Total	**49**			25	17	0	7

Annex III

Observations, mission by mission

Observations		*RSC (RPO)*	*GSC*	*Headquarters*	*MINUSMA*	*UNISFA*	*UNAMID*	*UNMISS*	*MINURSO*	*UNDOF*	*UNFICYP*	*UNIFIL*	*UNOCI*	*UNMIK*	*UNSOA*	*MINUSTAH*	*MONUSCO*
Budget management	Unrealistic assumptions used in budget formulation, and variations between appropriations and expenditure				X	X	X	X					X		X	X	
Financial management and accounting issues	Non-performance of bank reconciliations	X				X	X	X								X	X
	Adverse balances		X		X	X	X										
	Incorrect booking of recoveries					X											
	Deficiency in management of imprest and petty cash					X											
	Uncollectible accounts receivable/non-accounting of receivables	X				X											X
	Non-adjustment of dues recoverable from staff							X								X	
	Contingent liability shown as an actual liability	X						X									
	Weaknesses in quality and completeness of local accounting records								X	X	X	X	X	X			
	Inter-office voucher clearing		X														
	Offsetting of staff payable and staff receivable		X														
	Accuracy of inventory disclosures								X								
	Long outstanding withheld payments															X	
Asset management	Delay in writing-off/disposal of assets			X		X									X	X	
	Presence of long-term never-used assets				X	X		X								X	
	Mismatch of assets from Galileo record/assets not located during physical verification				X			X	X			X	X	X		X	X
	Deficiencies in the management of contingent-owned equipment						X										
	Lack of documentation to support costs of assets purchased												X				
	Impairment of damaged inventory												X				
	Assets fully depreciated but still in use					X										X	
Inventory management	Overstock of inventory							X								X	
Vehicle management	Deficiencies in vehicle fleet management			X					X						X	X	X

Observations		*RSC (RPO)*	*GSC*	*Headquarters*	*MINUSMA*	*UNISFA*	*UNAMID*	*UNMISS*	*MINURSO*	*UNDOF*	*UNFICYP*	*UNIFIL*	*UNOCI*	*UNMIK*	*UNSOA*	*MINUSTAH*	*MONUSCO*
	Delay in recovery of liberty use of vehicles																X
Fuel management	Weaknesses in fuel management				X	X		X					X		X	X	X
	Failure to utilize the prompt payment discount				X	X	X	X							X		
	Stock out and late deliveries of bulk fuel												X				
	Excess consumption of fuel							X									
Procurement	Delay in placing purchase orders/renewal			X		X	X								X		X
	Delay in obtaining customs/government clearances						X										
	Delay in payment to business partners						X										
	Lapses in procurement process					X	X								X		
	Contract extension without modifying the value of performance bond			X													X
	Non-evaluation of vendors' performance																
	Delay in effecting recoveries for deficient performance of contract						X										
	Deficiencies in rations management					X									X	X	
	Joint acquisition plan	X															
	Underutilization of regional systems contract	X															
	Failure to take bid security in contracts	X															
	Warranty security	X															
	Key performance indicators	X															
Construction project management	Deficiencies in construction project management			X		X		X								X	
Rations management	Deficiencies in rations stock management					X									X	X	
Air transportation	Weaknesses in air transport management			X	X	X										X	X
	Low capacity utilization				X	X										X	X
	Strategic planning and coordination for strategic flight		X														
	Monitoring and tracking of strategic flights		X														
	Unjustifiable payment made on a grounded aircraft																X
	Cost of flight operations		X														

Observations		*RSC (RPO)*	*GSC*	*Headquarters*	*MINUSMA*	*UNISFA*	*UNAMID*	*UNMISS*	*MINURSO*	*UNDOF*	*UNFICYP*	*UNMIL*	*UNOCI*	*UNMIK*	*UNSOA*	*MINUSTAH*	*MONUSCO*
Quick-impact projects	Deficiencies in quick-impact projects				X	X	X	X									
Travel management	Violation of advance ticket purchase policy			X	X								X				
	Lack of integration between Field Support Suite and Umoja						X										
	Delayed processing of F10 claims				X		X										
	High level of expenditure on outside travel despite videoteleconference facilities			X			X								X		
	Failure to utilize discounts on air tickets				X												
	Segregation of duties								X				X				
Human resources	Weaknesses in human resources management				X		X					X		X	X	X	X
	Pending allegations			X													
	Training				X												
	Non-advertising and evaluation of consultants and individual contractors															X	
	Non-review of timely completion/low rate of performance appraisal											X			X	X	
Medical services management	Medical services management — recovery of repatriation/treatment charges						X										
	Medical services — delay in delivery of medical supplies						X										
Other	Weaknesses in shared services				X												
	Deficiencies in implementation of Umoja								X	X	X	X	X	X			
	Corporate governance													X			
	Deficiencies in functioning of General Service Section							X									
	Deficient weapons storage management											X					
	Deficiencies in lease agreements						X										
	Lack of oversight over high-value contracts											X					

Abbreviations: GSC, Global Service Centre; RPO, Regional Procurement Office; RSC, Regional Service Centre.

Annex IV

Summary of reports in peacekeeping missions on cases of fraud and presumptive fraud for the period from 1 July 2013 to 30 June 2014

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*
MINURCAT	1	Medical insurance fraud	1 376.64	Investigation commenced but not completed. Note placed in file	MINURCAT-20131028-181. Matter reported after closure of MINURCAT. Staff members separated from the United Nations before investigation was finalized. Matter closed
MINURSO	0				
MINUSCA	0				
MINUSMA	1	Fraudulent collection of daily subsistence allowance	Information currently not available	Investigation commenced but not completed	MINUSMA-20140418-26. A repatriated formed police unit member was replaced by a retired gendarme who was alleged to be collecting the daily allowances that belonged to the repatriated formed police unit member. No loss to the United Nations, as daily subsistence allowance would have been paid for all personnel deployed. The subjects have since rotated out of mission, and not enough information or evidence was gathered to substantiate the allegation. Matter closed
MINUSTAH	0				
MONUSCO/MONUC	1	Fraudulent dependency claim	Information currently not available	Investigation pending	MONUSCO-20131015-447. Staff member is alleged to have collected dependency allowance for a deceased child
	1	Embezzlement of payments made for United Nations-provided accommodation	Information currently not available	Investigation pending	United Nations Volunteer alleged to have pocketed payments made by other staff members for United Nations-provided guest house
	1	Medical insurance fraud	Information with UNDP	Investigation completed. Substantiated. Summary dismissal	MONUSCO-20131209-456. Matter involving a United Nations Volunteer and dealt with between UNDP and Vanbreda. Matter closed
	1	Medical insurance fraud	Information with UNDP	Investigation completed. Substantiated. Summary dismissal	MONUSCO-20140416-473. Matter involving a United Nations Volunteer and dealt with between UNDP and Vanbreda. Matter closed
	1	Medical insurance fraud	Information with UNDP	Investigation completed. Substantiated. Summary dismissal	MONUSCO-20140416-474. Matter involving a United Nations Volunteer and dealt with between UNDP and Vanbreda. Matter close

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*
	1	Medical insurance fraud	Information with UNDP	Investigation completed. Substantiated. Summary dismissal	MONUSCO-20140416-475. Matter involving a United Nations Volunteer and dealt with between UNDP and Vanbreda. Matter closed
UNAMA	0				
UNAMID	1	Fraudulent education grant claim	N/A	Investigation completed. Unsubstantiated	UNAMID-20130718-587
	1	Forgery of documents for United Nations equipment	1 701	Investigation completed. Substantiated. Repatriation	UNAMID-20130812-554. United Nations police forged handover document and United Nations properties not accounted for. Follow-up disciplinary actions pending with police-contributing country authorities. Request made for police-contributing country to reimburse
	1	Fraudulent claim of salary	3 054	Investigation pending	UNAMID-20140217-578. Staff member received her salary for 4 months while not attending work
UNDOF	0				
UNFICYP	0				
UNIFIL	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130717-266. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130827-268. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130827-269. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130827-270. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130827-271. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130827-272. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-273. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-274. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-275. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-276. Matter closed

Mission	No. of cases	Issue	Amount involved (United States dollars)	Action taken	Comments
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-277. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-278. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-279. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130903-280. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130923-281. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130923-282. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130923-283. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130923-284. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20130923-285. Matter closed
	1	Medical insurance fraud	N/A	Investigation completed. Unsubstantiated	UNIFIL-20131010-286. Matter closed
	1	Fraudulent claim of relocation grant and personal use of United Nations vehicle	Information currently not available	Investigation pending	UNIFIL-20140127-290. Staff member received funds for his relocation from Beirut (ESCWA) to Tyre (UNIFIL) but continued to travel from Beirut to Naqoura using a United Nations vehicle
UNISFA	0				
UNLB	0				
UNMIK	0				
UNMIL	1	Forgery of documents for United Nations equipment	1 785	Investigation completed. Substantiated. Note placed in file	UNMIL-20130711-1209. Staff member forged documents to obtain building material (plywood). Left the United Nations before disciplinary actions could be taken. Matter closed
	1	Falsification of quotations and procurement documents	N/A	Investigation pending	UNMIL-20130723-1211. Staff member is alleged to have falsified quotes submitted for the procurement of public information material

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*
	1	Medical insurance fraud	3 663	Investigation completed. Substantiated. Referred for disciplinary action	UNMIL-20130820-1293. Staff member submitted falsified documents in support of medical claim to Global Medical Care. Action pending with Office of Human Resources Management
	1	Fraudulent daily subsistence allowance claim	N/A	Investigation completed. Substantiated. Reprimand	UNMIL-20130920-1223. Staff member submitted a travel claim for 4 days of daily subsistence allowance, for travel not undertaken. Daily subsistence allowance was not paid. Matter closed
	1	Fraudulent education grant	2 329.49	Investigation completed. Unsubstantiated	UNMIL-20131021-1284. Staff member did not produce a fraudulent claim but received an amount to which he was not entitled. Reimbursement requested
UNMISS/UNMIS	1	Fraud/mismanagement of funds	Information not currently available	Investigation pending	UNMISS-20131121-212. Staff member allegedly overspent funds for outreach activities and presented inflated invoices
UNOCI	1	Medical insurance fraud	Information with UNDP	Investigation completed. Unsubstantiated	UNOCI-20140416-365. Matter closed
UNSOA	0				
UNMOGIP	0				
UNTSO	0				
Total	**39**				

Abbreviations: ESCWA, Economic and Social Commission for Western Asia; N/A, not applicable.

Annex V

Cases of fraud and presumptive fraud in peacekeeping operations reported 1 July 2013 to 30 June 2014

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*	*Updated status of case as at 30 June 2014: action taken and recovery of funds*
BINUB	0		0		No response from the mission	N/A
MINURSO	0		0		No response from the mission	N/A
MINUSMA	0		0		Mission confirmed no cases for 2012/13	N/A
MINUSTAH	1	Submission of fraudulent CVs by individuals during recruitment to the Organization	0	OIOS investigation found that the information presented was accurate and true. Case is closed		This matter does not involve possible fraud or fraudulent use of United Nations funds and/or property
	1	Fraudulent submission of F10 claim by a United Nations Volunteer	4 000.00	Case is pending with United Nations Volunteers in Bonn		No further information available at this time
	1	Fraudulent receipt of mission subsistence allowance by third-party contractors while not on duty	N/A	Case was not substantiated		MINUSTAH-20120718-714. Investigation completed. Allegation unsubstantiated. Matter should be closed
	1	Theft and extortion by a local staff member	N/A	Contract was terminated		Matter should be closed, as action was taken
	1	Irregular consumption of fuel by local staff dispatch drivers	N/A	Case is pending		MINUSTAH-20130521-739. Investigation completed. Allegation substantiated. Matter was referred to Office of Human Resources Management for disciplinary action. Action pending from Office

Mission	No. of cases	Issue	Amount involved (United States dollars)	Action taken	Comments	Updated status of case as at 30 June 2014, action taken and recovery of funds
	1	Bribery through acceptance of payment by national staff and individual contractors in return for employment with the mission	N/A	Four individual contractors are excluded from recruitment, and the mission developed and implemented standard operating procedures for the requirement	$600-845 for individual contractor appointment and $362 on a monthly basis for the entire contract term. This case falls under the reporting period 1 July 2010-30 June 2011 and was not reported before	Matter should be closed, as action was taken
	1	Misuse of United Nations property	N/A	Case was not substantiated	This case falls under the previous period, 1 July 2011-30 June 2012, and was not reported before	Investigation completed. Allegation unsubstantiated. Matter should be closed
	1	Fraudulent insurance claims by 7 staff members	N/A	All staff members were dismissed	This case falls under the previous period, 1 July 2011-30 June 2012, and was not reported before	Matter should be closed, as action was taken
	1	Fraudulent use of another staff member's phone access code	231.55	Staff member was reprimanded by the Director of Mission Support		Matter should be closed, as action was taken
MONUSCO	1	Attempt to board a MONUSCO flight with a legitimate, authorized United Nations movement of personnel document issued to a member of civil society	N/A	Investigation is ongoing to verify whether there is any liability of MONUSCO personnel		This matter does not involve possible fraud or fraudulent use of United Nations funds and/or property
	1	Submission of fraudulent hotel invoices by military contingent	N/A	Board of Inquiry agreed that actual expenses should be reimbursed. Additional emphasis on inspection of invoices and training		Investigation completed. Allegation substantiated. Matter was referred to troop-contributing country for disciplinary action. Disciplinary action was taken by the troop-contributing country
	1	Submission of fraudulent hotel invoices by military contingent	N/A	Under investigation. Additional emphasis on inspection of invoices and training		Matter under investigation by troop-contributing country

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*	*Updated status of case as at 30 June 2014: action taken and recovery of funds*
	1	Submission of fraudulent hotel invoices by military contingent	N/A	Relevant permanent mission was requested to take action. Additional emphasis on inspection of invoices and training		Matter under investigation by troop-contributing country
	1	International calls were made by staff members on the mission's satellite phones	50 674.71	Recovery action from staff members and issuance of internal control measures		Action pending with MONUSCO to identify required follow-up
UNOCI	0		0		No response from the mission	N/A
UNAMID	1	Fraudulent reimbursement claim by police adviser for the security of his private accommodation	900.00	Case is under review by the conduct and discipline team		MTS-UNAMID-20110627-400. Investigation completed. Allegation substantiated. Matter was referred to police-contributing country for disciplinary action. Amount of $900 recovered. Action pending with police-contributing country
	1	Fraudulent reimbursement claim by staff member for the security of his private accommodation	N/A	Case is under investigation		Action pending with UNAMID to identify required follow-up
	1	Fraudulent approval by staff member of his own travel requests	N/A	Case is under review by the conduct and discipline team		UNAMID-20121212-491. Investigation completed. Allegation unsubstantiated. Matter should be closed
	1	Fraudulent submission of mission subsistence allowance claim by a police adviser	N/A	Case is under investigation		UNAMID-20120503-443. Investigation completed. Allegation unsubstantiated. Matter can be closed

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*	*Updated status of case as at 30 June 2014: action taken and recovery of funds*
	1	Fraudulent dependency claims	1 561.00		Amount is per month. Case relates to the period 1 July 2010-30 June 2011 and was not reported before	UNAMID-20100810-259. Investigation completed. Allegation substantiated. Referred for disciplinary action to Office of Human Resources Management. Disciplinary action taken (separation from service). Matter should be closed, as action was taken
	1	Fraudulent use of another staff member's phone access code, by a military contingent member	1 200.00	The relevant troop-contributing country was informed, and the mission is waiting to be informed of action taken	Case relates to the period 1 July 2010-30 June 2011 and was not reported before	UNAMID-20101216-289. Investigation completed. Allegation substantiated. Referred to troop-contributing country for disciplinary action. Troop-contributing country reported on disciplinary action taken. Matter should be closed, as action was taken
	1	Fraudulent dependency claims	446.00	Case is pending with OIOS	Amount is per month. Case relates to the period 1 July 2010-30 June 2011 and was not reported before	UNAMID-20100502-324. Investigation completed. Allegation unsubstantiated. Matter should be closed
	1	Fraudulent use of a military contingent phone access code by a police adviser	200.34	The relevant police-contributing country was informed, and the mission is waiting to be informed of action taken	Case relates to the period 1 July 2010-30 June 2011 and was not reported before	UNAMID-20110503-320. Investigation completed. Allegation substantiated. Referred to police-contributing country for disciplinary action. Pending with police-contributing country

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*	*Updated status of case as at 30 June 2014: action taken and recovery of funds*
	1	Fraudulent reimbursement claim by a military contingent member	2 700.00	The relevant troop-contributing country was informed, and the mission is waiting to be informed of action taken	Amount was recovered in full. Case relates to the period 1 July 2010-30 June 2011 and was not reported before	UNAMID-20110614-335. Investigation completed. Allegation substantiated. $2,700 reimbursed by offender. Referred to troop-contributing country for disciplinary action. Pending with troop-contributing country
UNDOF	0		0		Mission confirmed no cases for 2012/13	N/A
UNFICYP	0		0		Mission confirmed no cases for 2012/13	N/A
UNIFIL	0		0		Mission confirmed no cases for 2012/13	N/A
UNISFA	0		0		No response from the mission	N/A
UNLB (Global Service Centre)	–		–		Mission confirmed no cases for 2012/13	N/A
UNOCI	–		–		Mission confirmed no cases for 2012/13	N/A
UNMIK	–		–		Mission confirmed no cases for 2012/13	N/A
UNMIL	1	Fraudulent reimbursement claim by 8 military observers for the security of their private accommodation	20 280.00	The military observers had already left, and the case was referred to the mission to initiate recovery		UNMIL-20130419-1195. Investigation completed. Allegations substantiated. No actual loss to the United Nations, as contract was between the subjects and a private company. Subjects repatriated and disciplinary action requested from troop-contributing country. Action pending with troop-contributing country

Mission	*No. of cases*	*Issue*	*Amount involved (United States dollars)*	*Action taken*	*Comments*	*Updated status of case as at 30 June 2014: action taken and recovery of funds*
UNMISS	1	Embezzlement of cash from individual contractor's salary by a national staff member	266.00	Recommended the recovery of the funds from the staff member's salary and referred the case to the Department of Field Support	790 SSP	UNMISS-20130102-117. Investigation completed. Allegations substantiated (theft). Matter referred to Office of Human Resources Management for disciplinary action. Pending with Office
	1	Fraudulent submission of dependency claims by an international staff member	0	The mission will assist new staff members in understanding and complying with the relevant administrative instruction	Case was not substantiated	UNMISS-20130524-146. Investigation completed. Allegation unsubstantiated. Matter should be closed
	1	Fraudulent claim of salary	87.00	Case under investigation		UNMISS-20130327-131. Investigation completed. Allegations partly substantiated (failure to follow procedures for issuance of contractor's contract). No loss to the United Nations. Reprimand issued. Matter is closed
UNSOA	1	Fraudulent submission of education grant	4 345.18	The case is still under investigation		UNSOA-20130410-12. Investigation to be completed. Matter pending with UNSOA
Total	**28**		**86 891.78**			

Abbreviation: N/A, not applicable.

Chapter III
Certification of the financial statements

Letter dated 30 September 2014 from the Officer-in-Charge of the Office of Programme Planning, Budget and Accounts addressed to the Chair of the Board of Auditors

The financial statements of the United Nations peacekeeping operations for the 12-month period 1 July 2013 to 30 June 2014 have been prepared in accordance with financial rule 106.1 of the Financial Regulations and Rules of the United Nations.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. These notes provide additional information on and clarification of the financial activities related to peacekeeping operations undertaken by the Organization during the period covered by these statements, for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations peacekeeping operations are correct.

(*Signed*) Chandramouli **Ramanathan**
Officer-in-Charge
Office of Programme Planning, Budget and Accounts

Chapter IV

Financial report on the United Nations peacekeeping operations for the period from 1 July 2013 to 30 June 2014

A. Introduction

1. The Secretary-General has the honour to submit his financial report on the United Nations peacekeeping operations for the period from 1 July 2013 to 30 June 2014. The financial statements for that period have been prepared in accordance with IPSAS for the first time. The transition to IPSAS required considerable efforts for the development and implementation of accounting policies, changes in financial processes and a new enterprise resource planning system that constituted a whole institutional transformation. The current financial statements are the result of those strategic investments in field missions around the world and the strengthened internal control commensurate with IPSAS.

B. Financial overview

2. IPSAS-compliant opening balances were compiled as at 1 July 2013, and financial information for previous periods was not restated. That is why, for this first year, comparative information is presented only for selected financial data that are comparable, such as revenue from assessed contributions, together with changes in opening and closing balances, as shown in table IV.1.

Table IV.1
Financial highlights
(Millions of United States dollars)

	2012/13	*2013/14*	*Percentage change increase (decrease)*
Assessment revenue	7 257.9	7 799.9	7.5
Total expense	**Not applicable**	**7 862.7**	**Not applicable**

(Millions of United States dollars)

	1 July 2013	*30 June 2014*	*Percentage change increase (decrease)*
Unpaid assessments			
Active missions	802.5	673.7	(16.0)
Closed missions	33.1	13.9	(58.0)
Total unpaid assessments	**835.6**	**687.6**	**(17.7)**
Liquidity: available cash, less liabilities			
Active missions	(371.5)	(384.1)	(3.4)
Closed missions	(110.5)	(62.5)	43.4
Support activities	122.6	115.3	(6.0)

	2012/13	2013/14	Percentage change increase (decrease)
Depreciation expense/property, plant and equipment cost	Not available	8.1%	Not applicable
Acquisition/property, plant and equipment cost	Not available	7.7%	Not applicable
Days inventory outstanding	Not available	804	Not applicable

C. Assessed contributions

3. Total assessed contributions increased by 7.5 per cent ($542.0 million), from $7,257.9 million in the prior year to $7,799.9 million, as shown in table IV.2. The net increase was attributable mainly to: (a) the ramp-up of MINUSMA; (b) the expansion of MONUSCO, UNMISS and UNISFA; and (c) the decrease in the size of UNAMID and MINUSTAH and the closure of UNMIT.

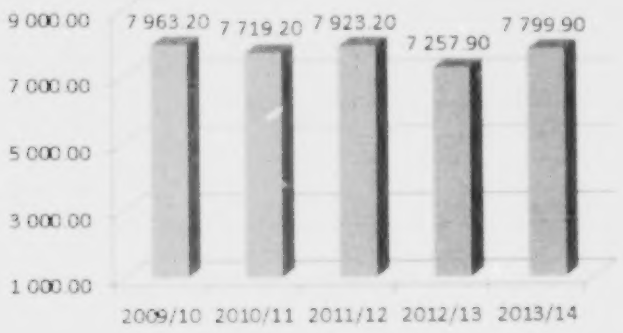
Table IV.2
Assessments
(Millions of United States dollars)

Mission	2012/13	2013/14	Percentage change increase (decrease)
UNFICYP	32.3	33.3	3.1
UNDOF	55.5	63.4	14.2
UNIFIL	546.9	520.4	(4.8)
MINURSO	60.8	61.7	1.5
UNMIK	50.7	47.5	(6.3)
MONUSCO	1 402.3	1 535.5	9.5
UNMIL	518.1	503.2	(2.9)
UNOCI	600.1	617.5	2.9
MINUSTAH	676.7	609.2	(10.0)
UNMIT[a]	108.4	–	(100.0)
UNAMID	1 511.9	1 410.6	(6.7)
UNSOA	456.0	460.4	1.0
UNISFA	269.2	345.5	28.3
UNMISS	876.1	976.6	11.5
UNSMIS[b]	17.6	6.4	(63.6)
MINUSMA	75.3	608.7	708.4
MINUSCA[c]	–	–	–
Total	**7 257.9**	**7 799.9**	**7.5**

[a] Closed in 2012/13.
[b] Closed in 2012/13.
[c] Started in April 2014 with funds provided by the Peacekeeping Reserve Fund.

4. Figure IV.I illustrates the trend in the assessments for peacekeeping operations for 2013/14 and four preceding periods.

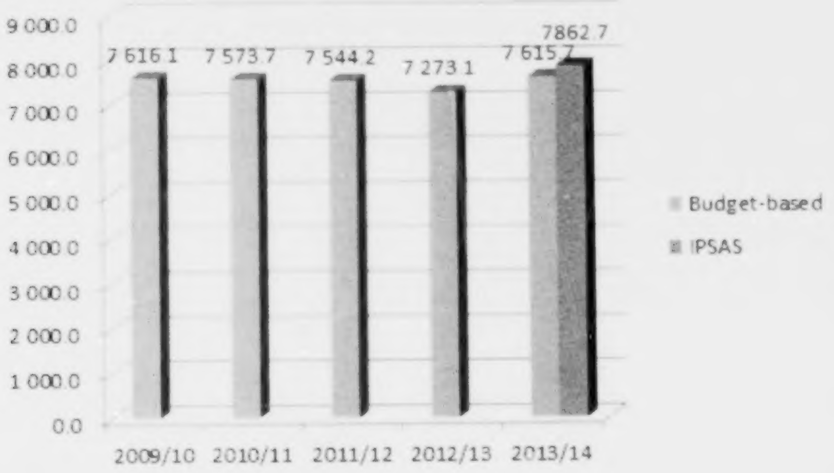
Figure IV.I
Assessed contributions
(Millions of United Sates dollars)



D. Expenses

5. Total expenses for the year 2013/14 are $7,862.7 million. As 2013/14 is the first year of IPSAS implementation, there are no comparative expenses for prior years. The budget-based, actual expenditures for 2013/14, shown in statement V, reached $7,615.7 million (budgeted $7,885.9 million), representing a 4.7 per cent increase compared with 2012/13. Figure IV.II illustrates the trend in expenses of peacekeeping operations for 2013/14 and four preceding periods.

Figure IV.II
Expenses
(Millions of United States dollars)



E. Status of assessed contributions receivable

6. Assessed contributions receivable pertaining to active peacekeeping missions decreased by 16.0 per cent, from $802.5 million at the beginning of 2013/14 to $673.7 million at the end of the year, despite the increase in assessments during the year, owing to a greater number of receipts of assessed contributions. In addition, the decrease in unpaid balances for closed missions was due mainly to the receipt of unpaid assessments for recently closed missions. Table IV.3 provides the status of unpaid assessed contributions.

Table IV.3

Unpaid assessments, net of allowance for doubtful accounts

(Millions of United States dollars)

	1 July 2013	*30 June 2014*	*Percentage change increase (decrease)*
Active missions	802.5	673.7	(16.0)
Closed missions	33.1	13.9	(58.0)
Total	**835.6**	**687.6**	**(74.1)**

F. Liquidity

7. Table IV.4 summarizes the available cash and liabilities at 30 June 2014 for each active peacekeeping mission as a measure of liquidity and provides a comparison with the beginning of 2013/14. The increase in the receipt of assessed contributions, mentioned earlier, clearly contributed to a higher cash balance at the end of 2013/14 ($1,781.0 million at 30 June 2014, compared with $1,397.5 million at 1 July 2013). The marginally higher deficit at the end of the year relative to liabilities was due to the larger increase in liabilities ($2,165.1 million at 30 June 2014, compared with $1,763.9 million at 1 July 2013), driven mainly by the recognition of credits to Member States for unencumbered appropriations and other income ($439.6 million at 30 June 2014, compared with $206.9 million at 1 July 2013). These credits are usually offset against assessments for the next cycle, and therefore this deficit does not present a liquidity problem.

Table IV.4

Available cash versus liabilities as at 30 June 2014: active missions

(Millions of United States dollars)

	Available cash[a]	*Liabilities*[b]	*Excess (shortfall) 30 June 2014*	*Excess (shortfall) 1 July 2013*
	(1)	*(2)*	*(1)-(2)*	
UNFICYP	2.3	13.4	(11.1)	(7.2)
UNDOF	5.8	12.3	(6.5)	(29.9)
UNIFIL	234.0	192.4	41.6	44.6
MINURSO	4.1	23.0	(18.9)	(15.3)
UNMIK	4.5	36.5	(32.0)	(29.3)

	Available cash[a] (1)	Liabilities[b] (2)	Excess (shortfall) 30 June 2014 (1)-(2)	Excess (shortfall) 1 July 2013
MONUSCO	227.1	428.7	(201.6)	(31.1)
UNMIL	87.8	118.3	(30.5)	(9.5)
UNOCI	140.0	141.9	(1.9)	(18.3)
MINUSTAH	153.3	154.1	(0.8)	(80.2)
UNAMID	306.1	359.0	(52.9)	(37.7)
UNSOA	157.5	132.0	25.5	(48.8)
UNISFA	98.0	132.4	(34.4)	(25.9)
UNMISS	203.6	211.4	(7.8)	(12.7)
MINUSMA	145.1	147.7	(2.6)	(70.2)
MINUSCA	11.8	62.0	(50.2)	–
Total	**1 781.0**	**2 165.1**	**(384.1)**	**(371.5)**

[a] Sum of cash and cash equivalent and cash pool investment.

[b] Represents total current liabilities.

8. Table IV.5 summarizes cash available and total liabilities for the group of closed missions with cash surpluses and the group of closed missions with cash deficits. Cash surpluses totalled $120.3 million, and cash deficits totalled $182.8 million. The improvement in the overall deficit of closed missions in 2013/14 was due to: (a) the repayment of loans by active missions to UNPF; and (b) the receipt of assessed contributions in recently closed missions, such as UNMIS and UNMIT.

Table IV.5

Available cash versus liabilities as at 30 June 2014: closed missions

(Millions of United States dollars)

	Available cash[a] (1)	Liabilities[b] (2)	Excess (shortfall) 30 June 2014 (1)-(2)	Excess (shortfall) 1 July 2013
Missions with cash surpluses				
UNMIT	8.9	1.7	7.2	(1.5)
UNMIS	46.0	24.7	21.3	13.3
MINURCAT	57.7	24.5	33.2	32.2
UNOMIG	1.5	1.0	0.5	0.5
UNMEE	3.2	1.3	1.9	1.9
ONUB	2.3	1.0	1.3	1.3
UNAMSIL/UNOMSIL	6.9	6.0	0.9	0.8
UNMISET	3.8	1.8	2.0	1.7
UNIKOM	1.1	1.0	0.1	0.1
UNMIBH	5.1	4.5	0.6	0.6

	Available cash[a] *(1)*	*Liabilities*[b] *(2)*	*Excess (shortfall) 30 June 2014* *(1)-(2)*	*Excess (shortfall) 1 July 2013*
UNMOT	1.1	1.0	0.1	0.1
MONUA/UNAVEM	15.2	5.3	9.9	9.5
UNPREDEP	6.5	6.1	0.4	0.4
UNTAES	5.2	4.7	0.5	0.4
UNOMIL	1.8	1.6	0.2	0.2
UNPF	71.0	46.8	24.2	7.9
UNMIH	36.8	32.0	4.8	10.6
UNAMIR/UNOMIR	16.1	5.7	10.4	10.4
ONUSAL	1.5	1.2	0.3	0.2
ONUMOZ	0.4	0.3	0.1	0.1
UNMLT	–	–	–	–
UNTAG	2.3	2.0	0.3	0.3
UNIIMOG	1.8	1.7	0.1	0.2
Subtotal	**296.2**	**175.9**	**120.3**	**91.2**
Missions with cash deficits				
UNSMIS	0.4	5.5	(5.1)	(24.0)
UNSMIH/UNTMIH/MIPONUH	0.2	7.5	(7.3)	(7.3)
MINURCA	0.1	23.9	(23.8)	(23.8)
MINUGUA	–	0.1	(0.1)	(0.1)
UNOSOM	0.1	15.5	(15.4)	(15.4)
UNTAC	0.1	40.1	(40.0)	(40.0)
UNEF (1956)	–	44.3	(44.3)	(44.3)
ONUC	–	46.8	(46.8)	(46.8)
Subtotal	**0.9**	**183.7**	**(182.8)**	**(201.7)**
Total	**297.1**	**359.6**	**(62.5)**	**(110.5)**

[a] Sum of cash and cash equivalent and cash pool investment.

[b] Represent total liabilities.

9. Liquidity of support activities decreased in 2013/14 owing to the net outflow of the Peacekeeping Reserve Fund to finance the start-up of MINUSCA and the increase in the current portion of the liabilities for employee benefits that remain unfunded.

Table IV.6

Available cash versus liabilities as at 30 June 2014: support activities

(Millions of United States dollars)

	Available cash[a] (1)	Liabilities[b] (2)	Excess (shortfall) 30 June 2014 (1)-(2)	Excess (shortfall) 1 July 2013
Peacekeeping Reserve Fund	118.5	–	118.5	125.8
UNLB — strategic deployment stocks	83.6	38.7	44.9	45.3[c]
UNLB — other activities	7.6	7.3	0.3	
Support account	34.3	41.4	(7.1)	(14.9)
Employee Benefits Funds	–	41.3	(41.3)	(33.6)
Total	**244.0**	**128.7**	**115.3**	**122.6**

[a] Sum of cash and cash equivalent and cash pool investment.

[b] Represent total current liabilities.

[c] Cash assets of UNLB — strategic deployment stocks and UNLB — other activities were not separated at 1 July 2013.

G. Property, plant and equipment

10. Table IV.7 presents the ratios of depreciation expense and acquisition of new assets to asset costs. The acquisition of new assets ratio (7.7 per cent) is close to the depreciation expense ratio (8.1 per cent), which indicates that, on aggregate, missions are replacing assets at the same pace as that at which they are depreciated. Such comprehensive information on property, plant and equipment has become available for the first time owing to the adoption of IPSAS.

Table IV.7

Property, plant and equipment ratios

(Millions of United States dollars)

	Cost of assets at 30 June 2014	Depreciation expense	Acquisition investment	Depreciation expense cost (percentage)	Acquisition cost (percentage)
Buildings	840.7	62.7	38.3[a]	7.5	4.6
Assets under construction	50.0	–	23.2[a]	–	46.4
Infrastructure	393.6	23.9	36.1[a]	6.1	9.2
Furniture and fixtures	4.7	0.4	1.2	8.5	25.5
Communications and information technology equipment	353.9	41.4	50.9	11.7	14.4
Vehicles	821.6	68.3	37.5	8.3	4.6
Machinery and equipment	370.3	33.5	31.0	9.0	8.4
Total assets	**2 834.8**	**230.2**	**218.2**	**8.1**	**7.7**

[a] Completed assets under construction of $50.7 million has been reclassified as the acquisition of buildings ($14.8 million) and infrastructure ($36.1 million).

H. Inventory

11. In 2013/14, inventory turned over fairly slowly, with less than half of it being consumed, as shown in table IV.8. At this rate of consumption, strategic reserves would represent nearly 2.9 years' worth of requirements, while non-financial inventories would typically be sufficient for 2 years. Given that peacekeeping operations are undertaken in remote areas where the acquisition and delivery of consumable goods are neither quick nor convenient, the stockpiling of inventory may become necessary, leading to a low inventory turnover ratio. Trend analysis in the future will be key to understanding the optimal level of inventories for peacekeeping operations, including disaggregating the holdings by locations to adjust for variations in local conditions.

Table IV.8
Inventory turnover ratio
(Millions of United States dollars)

	Average inventory balance	*Consumption*	*Inventory turnover ratio*	*Days inventory outstanding*
Strategic reserves	107.8	37.4	0.35	1 052
Non-financial inventories	278.6	138.0	0.50	737
Total	**386.4**	**175.4**	**0.45**	**804**

I. An important milestone

12. 2013/14 was a historic year for peacekeeping operations, marked by the concurrent implementation of IPSAS and a new enterprise resource planning system (Umoja) as part of the long-term strategy to transform the management of the Organization. The replacement of numerous stand-alone systems in each peacekeeping operation with a single, centrally deployed enterprise resource planning system involved not only the adoption of a harmonized set of business processes and the consolidation of data from disparate systems, but also significant change management involving new roles and responsibilities and controls. These first IPSAS-compliant financial statements represent an improvement in the quality and transparency of financial reporting, which can be expected to improve even more as Umoja and IPSAS take root in the peacekeeping operations, thus bringing two types of best practices to their management.

Chapter V

Financial statements for the 12-month period from 1 July 2013 to 30 June 2014

I. Statement of financial position as at 30 June 2014

(Thousands of United States dollars)

	Note	*30 June 2014*	*1 July 2013*
Assets			
Current assets			
Cash and cash equivalents	7	491 997	312 449
Investments	22	812 610	633 647
Assessed contributions receivable	8	687 561	835 596
Voluntary contributions receivable	9	7 351	3 222
Other receivables	10	43 041	61 209
Inventories	11	388 708	384 116
Other assets	12	41 200	16 928
Total current assets		**2 472 468**	**2 247 167**
Non-current assets			
Investments	22	1 017 507	1 013 450
Property, plant and equipment	13	1 355 725	1 407 207
Total non-current assets		**2 373 232**	**2 420 657**
Total assets		**4 845 700**	**4 667 824**
Liabilities			
Current liabilities			
Accounts payable — Member States	14	764 193	1 088 561
Accounts payable — other	14	1 141 235	822 062
Advance receipts	15	17 173	18 121
Employee benefits liabilities	16	73 349	72 755
Provisions	17	468 291	211 322
Other liabilities	18	79 870	113 648
Total current liabilities		**2 544 111**	**2 326 469**
Non-current liabilities			
Employee benefits liabilities	16	1 347 082	1 182 327
Total non-current liabilities		**1 347 082**	**1 182 327**
Total liabilities		**3 891 193**	**3 508 796**
Net assets			
Accumulated surpluses — unrestricted	19	693 134	897 655
Accumulated surpluses — restricted	19	111 373	111 373
Reserves	20	150 000	150 000
Total net assets		**954 507**	**1 159 028**
Total liabilities and net assets		**4 845 700**	**4 667 824**

The notes are an integral part of these financial statements.

II. Statement of financial performance for the year ended 30 June 2014

(Thousands of United States dollars)

	Note	*30 June 2014*
Revenue		
Assessed contributions	21	7 799 929
Voluntary contributions	21	144 673
Other contributions and allocations		4 223
Investment revenue	22	20 542
Other revenue		30 083
Total revenue		**7 999 450**
Expenses		
Employee salaries, allowances and benefits		1 926 917
Contingent contracted services		2 456 834
Non-employee compensation and allowances		548 722
Grants and other transfers		14 574
Supplies and consumables		904 625
Depreciation	13	230 235
Impairment	13	7 077
Other operating expenses		1 608 262
Other expenses		165 496
Total expenses		**7 862 742**
Surplus for the year		**136 708**

The notes are an integral part of these financial statements.

III. Statement of changes in net assets for the year ended 30 June 2014

(Thousands of United States dollars)

	Note	*Accumulated surpluses (deficits) — unrestricted*	*Accumulated surpluses restricted*	*Reserves*	*Total*
Net assets as at 30 June 2013 (United Nations system accounting standards)		**(269 041)**	**111 373**	**150 000**	**(7 668)**
IPSAS adjustment:					
Change in valuation of the cash pool	4	(122)	–	–	(122)
Initial recognition of inventories	4	384 116	–	–	384 116
Initial recognition of property, plant and equipment	4	1 407 207	–	–	1 407 207
Initial recognition of allowance for doubtful contributions	4	(604 562)	–	–	(604 562)
Initial recognition of allowance for doubtful debts	4	(5 150)	–	–	(5 150)
Change in recognition of employee benefits accruals	4	(71 949)	–	–	(71 949)
De-recognition of unliquidated obligations	4	268 478	–	–	268 478
Initial recognition of provisions	4	(211 322)	–	–	(211 322)
Total IPSAS adjustment		**1 166 696**	**–**	**–**	**1 166 696**
Restated net assets as at 1 July 2013 (IPSAS)		**897 655**	**111 373**	**150 000**	**1 159 028**
Changes in net assets					
Cancellation of prior-period commitments		55 476	–	–	55 476
Credits to Member States		(439 646)	–	–	(439 646)
Other adjustments to net assets		3	–	–	3
Adjustments to actuarial gains/(losses) on employee benefits liabilities		42 938	–	–	42 938
Total items recognized directly in net assets		**(341 229)**	**–**	**–**	**(341 229)**
Surplus for the year		136 708	–	–	136 708
Total recognized revenue and expense		**(204 521)**	**–**	**–**	**(204 521)**
Net assets as at 30 June 2014		**693 134**	**111 373**	**150 000**	**954 507**

The notes are an integral part of these financial statements.

IV. Statement of cash flows for the year ended 30 June 2014

(Thousands of United States dollars)

	Note	*30 June 2014*
Cash flows from operating activities		
Surplus for the year		136 708
Non-cash movements		
Depreciation	13	230 235
Impairment of property, plant and equipment	13	7 077
Changes in assets		
(Increase)/decrease in assessed contributions receivable	8	148 035
(Increase)/decrease in voluntary contributions receivable	9	(4 129)
(Increase)/decrease in other receivables	10	18 168
(Increase)/decrease in inventories	11	(4 592)
(Increase)/decrease in other assets	12	(24 272)
Changes in liabilities		
Increase/(decrease) in accounts payable — Member States	14	(324 368)
Increase/(decrease) in accounts payable — other	14	319 173
Increase/(decrease) in advance receipts	15	(948)
Increase/(decrease) in employee benefits payable	16	165 349
Increase/(decrease) in provisions	17	256 969
Increase/(decrease) in other liabilities	18	(33 778)
Investment revenue presented as investing activities		(20 542)
Net cash flows from/(used in) operating activities		**869 085**
Cash flows from investing activities		
Pro rata share of net increases in the cash pool		(183 020)
Investment revenue presented as investing activities		20 542
Net (increase)/decrease in property, plant and equipment		(185 830)
Net cash flows from/(used in) investing activities		**(348 308)**
Cash flows from financing activities		
Cancellation of prior-period commitments		55 476
Adjustment to fund balances		42 941
Credits to Member States		(439 646)
Net cash flows from/(used in) financing activities		**(341 229)**
Net increase/(decrease) in cash and cash equivalents		**179 548**
Cash and cash equivalents — beginning of year		**312 449**
Cash and cash equivalents — end of year	7	**491 997**

The notes are an integral part of these financial statements.

V. Statement of comparison of budget and actual amounts for the year ended 30 June 2014

(Thousands of United States dollars)

	Budget (appropriation)[a]		Actual expenditure, budget basis	Difference[b]
Active missions	Original	Final		Percentage
UNISFA	345 527	345 527	271 781	(21.3)
UNOCI	617 515	617 515	579 857	(6.1)
UNFICYP	59 742	59 742	57 760	(3.3)
MONUSCO	1 538 469	1 538 469	1 515 713	(1.5)
MINUSTAH	609 188	609 188	572 744	(6.0)
UNMIK	47 479	47 479	42 685	(10.1)
UNMIL	503 181	503 181	474 749	(5.7)
UNDOF	63 372	63 372	62 061	(2.1)
UNIFIL	520 445	520 445	519 723	(0.1)
UNMISS	976 627	976 627	971 355	(0.5)
MINURSO	63 767	63 767	61 748	(3.2)
UNAMID	1 410 642	1 410 642	1 339 885	(5.0)
UNSOA	468 409	468 409	461 557	(1.5)
MINUSMA	602 000	602 000	592 792	(1.5)
MINUSCA	59 552	59 552	59 153	(0.7)
Total active missions	**7 885 915**	**7 885 915**	**7 583 563**	**(3.8)**
Other areas				
Support account	327 426	327 426	315 009	(3.8)
UNLB — strategic deployment stock activities[c]	96 041	96 041	50 799	(47.1)
UNLB — other activities	68 517	68 517	68 906	0.6
Total other areas	**491 984**	**491 984**	**434 714**	**(11.6)**
Total	**8 377 899**	**8 377 899**	**8 018 277**	**(4.3)**
Less: prorated costs of support account and UNLB (see above):			(383 915)	
Less: strategic deployment stock replenishments recorded in peacekeeping missions referred to above:			(19 477)	
Peacekeeping Reserve Fund:			1	
Total as per 2013/14 budget-based expenditure			**7 614 886**	

[a] Mission budget and actual expenditure include UNLB strategic deployment stock replenishment to each mission and costs for the support account and UNLB — other activities.

[b] Actual expenditure (budget basis) less final budget. Differences greater than 5 per cent are considered in note 6.

[c] Appropriations do not apply to strategic deployment stock activities. Funding for strategic deployment stocks is based on current-period transfers to peacekeeping and political missions and other offices of $23.7 million and fund balances brought forward from the preceding period of $72.341 million.

The notes are an integral part of these financial statements.

Notes to the financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations, which was signed on 26 June 1945 and became effective on 24 October 1945, set out the Organization's primary objectives as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law;

(e) The development of self-government for Trust Territories.

2. These objectives are implemented through the five major organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacemaking, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions;

(e) The Trusteeship Council completed its primary functions in 1994 with the termination of the Trusteeship Agreement for the last United Nations Trust Territory.

3. The United Nations is headquartered in New York, United States of America, and has major offices in Geneva, Nairobi and Vienna.

The United Nations peacekeeping operations

4. These financial statements relate to the United Nations peacekeeping operations, a separate financial reporting entity of the United Nations.

5. United Nations peacekeeping, with a mandate to help countries torn by conflict to create conditions for lasting peace, began operations in 1948 with the

creation of the first peacekeeping mission. Since then, 69 peacekeeping missions have been deployed by the United Nations, 56 of them since 1988.

6. United Nations peacekeeping operates under the direction of the Security Council; as deemed appropriate by vote of the Council, peacekeeping missions are established, extended, amended or ended. Under Article 25 of the Charter, all States Members of the United Nations agree to accept and carry out the decisions of the Security Council; while other organs make recommendations to Member States, the Council alone has the power to take decisions, which Member States are obligated to follow. United Nations peacekeeping operations have unique strengths, including legitimacy, burden-sharing and an ability to deploy and sustain troops and police from around the world, integrating them with civilian peacekeepers to advance multidimensional mandates. As at 30 June 2014, there were 17 United Nations peacekeeping missions deployed across four continents.

7. United Nations peacekeeping operations are regarded as an autonomous reporting entity that neither controls nor is controlled by any other United Nations Secretariat reporting entity, owing to the uniqueness of the governance and budgetary process of each of the reporting entities; further, the peacekeeping operations have no interests in associates or jointly controlled entities. Therefore, consolidation is not deemed applicable to the United Nations peacekeeping operations as a reporting entity, and these financial statements include only the activities of the peacekeeping operations.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

8. In accordance with the Financial Regulations and Rules of the United Nations, the financial statements are prepared on an accrual basis in accordance with the International Public Sector Accounting Standards (IPSAS). In accordance with the requirements of IPSAS, these financial statements, which present fairly the assets, liabilities, revenue and expenses of the United Nations peacekeeping operations and the cash flows during the financial period, consist of the following:

(a) A statement of financial position;

(b) A statement of financial performance;

(c) A statement of changes in net assets;

(d) A statement of cash flows;

(e) A statement of comparison of budget and actual amounts;

(f) A summary of significant accounting policies and other explanatory notes.

9. The financial statements have been prepared on a going-concern basis, and the accounting policies, as summarized in note 3, have been applied consistently in the preparation and presentation of these financial statements.

10. This is the first set of financial statements of the peacekeeping operations prepared in compliance with IPSAS, which includes the application of certain transitional provisions, as identified below. Prior to 1 July 2013, the financial

statements of peacekeeping operations were prepared in accordance with the United Nations system accounting standards, a modified accrual basis of accounting.

11. The adoption of the new accounting standards, including the related IPSAS-compliant policies, has resulted in changes to the assets and liabilities recognized in the statement of financial position. Accordingly, the last audited balance sheet of peacekeeping operations, dated 30 June 2013, has been restated, and the resulting changes are summarized in the statement of changes in net assets.

12. These financial statements are certified by the Controller and approved by the Secretary-General of the United Nations. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements as at 30 June 2014 are authorized for issuance on 30 September 2014.

Measurement basis

13. The financial statements are prepared using the historic cost convention except for certain assets, as stated in the notes to the financial statements. The financial statements for peacekeeping operations are prepared for a 12-month period, covering from 1 July of one year to 30 June of the subsequent year.

Functional and presentation currency

14. The functional and presentation currency of the Organization is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

15. Foreign currency transactions are translated into United States dollars at the United Nations operational rates of exchange (UNORE)[1] at the date of the transaction. The UNORE approximates the spot rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies[2] are translated at the year-end UNORE. Non-monetary foreign currency items measured at historical cost or fair value are translated at the UNORE prevailing at the date of the transaction or when the fair value was determined.

16. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgement and estimates

17. Materiality is central to the preparation and presentation of the Organization's financial statements, and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

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[1] An approximation of market/spot rates.

[2] Foreign currencies are currencies other than the functional currency of the reporting entity.

18. Preparing financial statements in accordance with IPSAS requires the use of estimates, judgements and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

19. Accounting estimates and underlying assumptions are reviewed on an ongoing basis, and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization method for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; and inflation and discount rates used in the calculation of the present value of provisions and contingent assets/liabilities.

IPSAS transitional provisions

20. As permitted for the first-time adoption of IPSAS, the following transitional provisions have been applied:

(a) IPSAS 1: Presentation of financial statements — comparative information is provided only for the statement of financial position;

(b) IPSAS 4: The effects of changes in foreign exchange rates — the cumulative translation differences that may have existed at the date of the first-time adoption of IPSAS accrual accounting are deemed to be zero;

(c) IPSAS 17: Property, plant and equipment allows a transitional period of up to five years prior to the full recognition of capitalized property, plant and equipment. The Organization has partially invoked this transitional provision and has not recognized leasehold improvements;

(d) IPSAS 31: Intangible assets is applied prospectively; intangible assets acquired or internally developed before 1 July 2013 have not been capitalized in these financial statements.[3]

Future pronouncements of the IPSAS Board

21. The future financial statements of the United Nations peacekeeping operations may be impacted by the following significant future pronouncements from the International Public Sector Accounting Standards Board:

(a) Conceptual framework for general-purpose financial reporting by public sector entities — the project's objective is to develop a public sector conceptual framework applicable to the preparation and presentation of general-purpose financial reports of public sector entities;

(b) Reporting service performance information — the project's objective is to use a principles-based approach to develop a consistent framework for reporting service performance information of public sector programmes and services that focuses on meeting the needs of users;

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[3] IPSAS 31: Intangible assets has been applied retrospectively to the expenditures associated with the Organization's new enterprise resource planning system, called Umoja, which is being capitalized as an intangible asset in the financial statements of the United Nations, volume I; see note 26.

(c) Social benefits — the project's objective is to identify the circumstances and manner in which expenses and liabilities of certain social benefits should be reflected in the financial statements;

(d) Financial statement discussion and analysis — the project's objective is to develop financial reporting guidance on financial statement discussion and analysis.

22. The progress and impact of these future accounting pronouncements on the financial statements of peacekeeping operations continue to be assessed and monitored.

Note 3
Summary of significant accounting policies

Financial assets classification

23. The Organization classifies its financial assets in one of the following categories at initial recognition and re-evaluates the classification at each reporting date. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in cash pools
Loans and receivables	Cash and cash equivalents, receivables, non-exchange and exchange transactions, loans and advances to implementing partners, executing agency, staff

24. All financial assets are initially measured at fair value. The Organization initially recognizes financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the Organization becomes party to the contractual provisions of the instrument.

25. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

26. Financial assets at fair value through surplus or deficit are those that either have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the period in which they arise.

27. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

28. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

29. Financial assets are de-recognized when the rights to receive cash flows have expired or have been transferred and the Organization has transferred substantially all risks and rewards of the financial asset.

30. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Investment in cash pools

31. The United Nations Treasury invests funds pooled from the entities of the United Nations Secretariat and other participating entities. These pooled funds are referred to as "cash pools". Participation in a cash pool implies sharing the risk and returns on investments with the other participants. Since the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investments portfolio to the extent of the amount of cash invested.

32. The Organization's investments in the cash pools are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position, depending on the maturity period of the investments.

Cash and cash equivalents

33. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Contributions receivable

34. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the Organization by Member States, non-Member States and other donors on the basis of enforceable agreements. These non-exchange receivables are stated at nominal value, less impairment for estimated irrecoverable amounts.

35. For assessed contributions receivable for peacekeeping operations, the impairment is reflected as an allowance for doubtful receivables calculated as follows:

(a) Receivables of Member States that are subject to Article 19 and that are past due in excess of 2 years: 100 per cent allowance;

(b) Receivables that are past due in excess of 2 years for which the General Assembly has granted special treatment as regards payment: (UNEF, ONUC, unpaid assessed contributions by China that were transferred to a special account pursuant to General Assembly resolution 36/116 A, the former Yugoslavia): 100 per cent allowance;

(c) Receivables that are past due in excess of 2 years for which Member States have specifically contested the balance: 100 per cent allowance;

(d) Assessed contributions receivable that are past due in excess of 2 years related to missions that have been closed for over two years: 100 per cent allowance;

(e) For receivables with approved payment plans, no allowance for doubtful debt will be established; rather, disclosures will be made in the notes to the financial statements.

Other receivables

36. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for operating lease arrangements, and receivables from staff. Receivables from other United Nations reporting entities are also included in this category.

Other assets

37. Other assets include prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Advance transfers

38. Advance transfers relate to cash transferred to executing agencies/implementing partners as an advance in order for them to provide agreed goods or services. Advances issued are initially recognized as assets, and then expenses are recognized when goods are delivered or services are rendered by the executing agencies/implementing partners and confirmed by the receipt of certified expense reports, as applicable.

Inventories

39. Inventory balances are recognized as current assets and include the categories set out below:

Categories	*Subcategories*
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials/supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves, strategic deployment stocks, United Nations reserves
Non-financial inventories	Material holdings of consumables and supplies, spare parts, medicine

40. The Organization's financial inventories include assets held for sale or external distribution, raw materials and work in progress associated with items held for sale or external distribution, and strategic reserves of consumables and supplies.

41. The cost of inventory in stock is determined using the moving average price cost basis. The cost of inventories includes the cost of purchase, plus other costs incurred in bringing the items to the destination and condition for use, determined on the basis of standard costs. Inventory acquired through non-exchange transactions, i.e., donated goods, are measured at fair value at the date of acquisition.

42. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the Organization.

43. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods/services are valued at the lower of cost and current replacement cost.

44. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

45. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost/net realizable value, which are recognized in the statement of financial performance.

46. Holdings of consumables and supplies for internal consumption are considered non-financial inventory and are capitalized in the statement of financial position only when material.

47. Non-financial inventories above the threshold of $5,000 per stock card item are recognized using the moving average price valuation methodology, on the basis of records available in the inventory management system. Valuations are subject to impairment review, which takes into consideration the variances between moving average price valuation and current replacement cost as well as slow-moving and obsolete items.

48. A standard cost model has been applied to financial and non-financial inventories to take associated costs into account.

Heritage assets

49. Heritage assets are not recognized in the financial statements, but significant heritage assets are disclosed in notes to the financial statements.

Property, plant and equipment

50. Classification: property, plant and equipment are classified into different groups of items of a similar nature and with similar functions, useful lives and valuation methodologies, as: vehicles; prefabricated buildings; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (buildings, infrastructure and assets under construction).

51. Recognition of property, plant and equipment:

(a) All property, plant and equipment other than real estate assets are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition, and the initial estimate of dismantling and site restoration costs;

(b) Owing to the absence of historical cost information, real estate assets for United Nations peacekeeping operations are initially recognized using a depreciated replacement cost methodology. Baseline costs per baseline quantity have been calculated by collecting construction cost data, utilizing in-house cost data (where it has existed) or using external cost estimators for each catalogue of real estate assets. The baseline costs per baseline quantity, adjusted for price escalation factor, size factor and location factor, are applied to value the real estate asset and determine the replacement cost;

(c) With respect to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire;

(d) Property, plant and equipment are capitalized when their cost is greater than or equal to the threshold of $20,000 or $100,000 for leasehold improvements and self-constructed assets. A lower threshold of $5,000 applies to five commodity groups: (i) vehicles; (ii) prefabricated buildings; (iii) satellite communication systems; (iv) generators; and (v) network equipment.

52. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Significant components of property, plant and equipment with different useful lives are depreciated using the components approach. Depreciation commences in the month in which the Organization gains control over an asset in accordance with Incoterms and no depreciation is charged in the month of the retirement or disposal of property, plant and equipment. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant.

53. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation and property, plant and equipment are incorporated into the financial statements to reflect a depreciation floor of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets, which revealed that the majority of such assets had relatively short useful lives of 10 years or less.

54. The Organization selected the cost model, instead of the revaluation model, for the measurement of property, plant and equipment after initial recognition. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Organization and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

55. The estimated useful lives of property, plant and equipment classes are set out below.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6-12 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	
	Security and safety equipment	
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings	Up to 50 years

Class	*Subclass*	*Estimated useful life*
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

56. A gain or loss resulting from the disposal or transfer of property, plant and equipment arises where proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

57. Land, buildings and infrastructure assets with a period-end net book value greater than $100,000 are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000. Impairment assessments are conducted when events or changes in circumstances indicate that carrying amounts may not be recoverable.

Intangible assets

58. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire. The thresholds for recognition are $100,000 for internally generated software and $20,000 per unit for externally acquired intangible assets.

59. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the Organization are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

60. Intangible assets with a definite useful life are amortized on a straight-line method, over their estimated useful lives starting from the month of acquisition or when the intangible assets become operational.

61. Annual impairment reviews of intangible assets are conducted where assets are under construction or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

62. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Software acquired externally	3-10 years
Software internally developed	3-10 years
Licences and rights	2-6 years (period of licence/right)
Copyrights	3-10 years
Assets under development	Not amortized

Financial liabilities

Financial liabilities classification

63. Financial liabilities of peacekeeping operations are classified as "other financial liabilities". They include accounts payable, transfer payables, employee benefits payable, unspent funds held for future refunds, provisions and other liabilities such as inter-fund balances payable. Financial liabilities classified as other financial liabilities are initially recognized at fair value. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The Organization re-evaluates the classification of financial liabilities at each reporting date and de-recognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Accounts payable and accrued expenses

64. Accounts payable and accrued expenses arise from the purchase of goods and services that have been received but not paid for as at the reporting date. They are stated at invoice amounts, less payment discounts at the reporting date. Payables are recognized and subsequently measured at their nominal value, as they are generally due within 12 months.

Transfers payable

65. Transfers payable relate to amounts owed to executing entities/implementing agencies and partners and residual balances due to be returned to donors.

Other liabilities

66. Non-financial liabilities consist of advance receipts relating to contributions or payments received in advance, liabilities for conditional funding arrangements, assessments or voluntary contributions received for future periods, and other deferred revenue. Advance receipts are recognized as revenue at the start of the relevant financial period or on the basis of the Organization's revenue recognition policies.

Leases

The Organization as "lessee"

67. Leases of property, plant and equipment where the Organization has substantially all of the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair

value or the present value of the minimum lease payments. The rental obligation, net of finance charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with the peacekeeping operation's policy on property, plant and equipment. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

68. Leases where all of the risks and rewards of ownership are not substantially transferred to the Organization are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the period of the lease.

The Organization as "lessor"

69. The Organization is the lessor for certain assets subject to operating leases. Assets subject to operating leases are reported under property, plant and equipment. Lease income from operating leases is recognized in the statement of financial performance over the lease term on a straight-line basis.

Donated rights to use

70. The Organization occupies land and buildings and uses infrastructure assets, machinery and equipment through donated rights to use agreements granted primarily by host Governments at nil or nominal cost. On the basis of the term of the agreement, and the clauses on the transfer of control and termination contained in the agreement, the donated right-to-use arrangement is accounted for as an operating lease or a finance lease.

71. In the case of an operating lease, an expense and corresponding revenue equal to the annual market rent of similar property are recognized in the financial statements. In the case of a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property and the term of the arrangement. If property is transferred with specific conditions, deferred revenue for the amount is recognized equal to the entire fair market value of the property (or share of the property) occupied by the Organization, which is progressively recognized as revenue and offsets the corresponding depreciation charge. If property is transferred without any specific condition, revenue for the same amount is recognized immediately upon assuming control of the property.

72. Long-term donated rights to use building and land arrangements are accounted for as an operating lease where the Organization does not have exclusive control over the building and title to the land is not granted.

73. The threshold for the recognition of revenue and expense is the yearly rental value equivalent of $20,000 for donated rights to use premises and $5,000 for machinery and equipment.

Employee benefits

74. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship with the Organization are defined by a letter of appointment subject to regulations

promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter.

75. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

76. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the period in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave, maternity/paternity leave) and other short-term benefits (education grant, reimbursement of taxes, and home leave) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid are recognized as current liabilities within the statement of financial position.

77. Home leave travel is available to eligible staff and dependants serving in qualifying countries. The liability represents the expected travel cost of the next home leave entitlement for qualifying staff, adjusted for the proportion of service yet to be performed until the benefit is vested. As home leave travel entitlements are claimed within relatively short periods of time, the effect of discounting for the time value of money is not material.

Post-employment benefits

78. Post-employment benefits comprise the pension plan, the after-service health insurance plan, end-of-service entitlements and death benefits. The Organization also has an after-service life insurance plan that covers life insurance premiums for eligible retirees.

Defined-benefit plans

79. Defined-benefit plans are those where the Organization's obligation is to provide agreed benefits and therefore the Organization bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, including actuarial gains and losses, are recognized in the statement of financial performance in the period in which they occur. The Organization has elected to recognize changes in the liability for defined-benefit plans from actuarial gains and losses in surplus/deficit. As at 30 June 2014, the Organization did not hold any plan assets as defined by IPSAS 25: Employee benefits.

80. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

81. After-service health insurance provides worldwide coverage for necessary medical expenses of eligible former staff members and their dependants. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided they have met certain

eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those who were recruited prior to that date. The after-service health insurance liability represents the present value of the share of the peacekeeping operation's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining a peacekeeping operation's residual liability. Contributions from retirees are deducted from the gross liability, and a portion of the contributions from active staff is also deducted to arrive at the peacekeeping operation's residual liability in accordance with the cost-sharing ratios authorized by the General Assembly.

82. Repatriation benefits: upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of separation, are entitled to repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the Organization and is measured as the present value of the estimated liability for settling these entitlements.

83. Death grant: the obligation crystallized upon the death of an eligible staff member. Death grant is paid to the surviving spouse and/or dependent children of a staff member who dies in service.

84. Appendix D benefits: appendix D to the Staff Rules governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations.

85. Pension plan: the Organization is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the General Assembly to provide retirement, death, disability and related benefits. The Pension Fund is a funded, multi-employer defined-benefit plan. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Pension Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to participating organizations. The United Nations peacekeeping operations, along with other participating organizations, are not in a position to identify their share of the underlying financial position and performance of the Pension Fund's multi-employer-funded defined-benefit plan on an IPSAS 25 basis with sufficient reliability for accounting purposes. Therefore, as allowed by IPSAS 25, the Organization treats this plan as if it were a defined-contribution plan. Thus, obligations for contributions to the Pension Fund are recognized as an employee benefit expense in the statement of financial performance.

Termination benefits

86. Termination benefits are recognized as an expense only when the Organization is demonstrably committed, without a realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

87. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Other long-term employee benefits comprise liabilities related to the commutation of annual leave balances at end of service.

88. The liabilities for annual leave represent unused accumulating compensated absence up to a maximum of 60 days, whereby an employee is entitled to monetary settlement of this balance upon separation from service. Therefore, the Organization recognizes as a liability the actuarial value of the total accumulated leave days of all staff members as at the date of the statement of financial position. Annual leave benefits are calculated on the same actuarial basis as other post-employment benefits. Actuarial gains and losses on other long-term employee benefits are recognized in the statement of financial performance.

Provisions, contingencies and commitments

Provisions

89. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Organization has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured as the best estimate of the amount required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

90. Uncommitted balances of the current-year appropriations and expired balances of the appropriations retained from prior years are required to be surrendered to the Member States. Investment income and other income are also returned to the Member States, together with the surrendered appropriations. At the reporting date, provisions are made for the surplus balances to be returned to the Member States with an adjustment to net assets. The surplus balances remain as provisions until the General Assembly decides the manner of their disposal.

Contingent liabilities

91. Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization; or present obligations that arise from past events but are not recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or because the amount of the obligations cannot be reliably measured.

Contingent assets

92. Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization.

Commitments

93. Commitments are future expenses that are to be incurred by the Organization on contracts entered into by the reporting date and that the Organization has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that will be delivered to the Organization in future periods, non-cancellable minimum lease payments and other non-cancellable commitments.

Revenue

Non-exchange revenue

Assessed contributions

94. Assessed contributions for peacekeeping operations are assessed and approved for a one-year budget period. Assessed contributions are recognized as revenue at the beginning of the year.

95. Assessed contributions include the amounts assessed to the Member States to finance the activities of the Organization in accordance with the scale of assessments determined by the General Assembly. Revenue from assessed contributions from Member States and from non-Member States are presented in the statement of financial performance.

Voluntary contributions

96. Voluntary contributions and other transfers, which are supported by legally enforceable agreements, are recognized as revenue at the time the agreement becomes binding, which is the point when the Organization is deemed to acquire control of the asset, unless, where the resources are provided subject to specific conditions or when contributions are explicitly given for a specific future financial period, recognition is deferred until those conditions have been satisfied.

97. Voluntary pledges and other promised donations that are not supported by binding agreements with terms of offer and acceptance are recognized as revenue upon the receipt of cash.

98. Pledges and promised donations, as well as agreements not yet formalized by acceptance, are disclosed as contingent assets.

99. Unused funds returned to the donor are netted against revenue (if those funds are recognized as revenue during the year) or shown as reduction of net assets, if the funds were recognized in the previous year.

100. In-kind contributions of goods, above the recognition thresholds of $5,000 for vehicles, prefabricated buildings, satellite communications systems, generators and network equipment and of $20,000 for other goods, are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the Organization and the fair value of those assets can be measured reliably. The Organization has elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of services, above the threshold of $20,000 in the notes to the financial statements. Contributions in kind are initially measured at

their fair value at the date of receipt, determined by reference to observable market values or by independent appraisals.

101. Programme support cost is charged to trust fund and other "extrabudgetary" activities to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by assessed funds and/or other core resources that are central to the budget process at the United Nations Secretariat. The programme support cost charge agreed upon with the donor is included as part of voluntary contributions. It is expressed as a percentage of direct costs (actual expenditure and unliquidated obligations).

Exchange revenue

102. Exchange transactions are those in which the Organization sells goods or services. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from sales of publications, books and stamps and from sales by the United Nations Gift Centre is recognized when the sale occurs and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(c) Revenue from jointly financed activities represents amounts charged to other United Nations organizations for their share of joint costs paid for by the United Nations;

(d) Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf;

(e) Exchange revenue also includes income from the rental of premises, the sale of used or surplus property and services provided to visitors in relation to guided tours, and income from net gains resulting from currency exchange adjustments.

Investment revenue

103. Investment revenue includes all interest earned on deposits in various bank accounts, on term deposits and on investments in cash pools by the Organization.

104. Gains and losses arising from changes in the fair value of financial instruments and interest income from financial instruments at fair value through surplus or deficit are included in the statement of financial performance as part of investment revenue.

Expenses

105. Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual

basis when goods are delivered and services are rendered, regardless of the terms of payment.

106. Employee salaries include international, national and general temporary staff salaries, post adjustments and staff assessments. The allowances and benefits include other staff entitlements, including pension and insurance, staff mission subsistence, assignment, repatriation, hardship and other allowances. Expenses for contingent contracted services relate to troop costs, contingent self-sustainment costs, contingent-owned equipment and compensation for troop death and disability costs. Non-employee compensation and allowances consists of United Nations Volunteers living allowances and post-employment benefits, consultant fees and military observers and civilian police mission subsistence and clothing allowances, death and disability, residual security and welfare costs. Supplies and consumables expenses relate to spare parts for facilities, vehicles, machinery and equipment, and communications and information technology equipment, in addition to petroleum, oil and lubricant costs. This category of expenses also includes rations, medical supplies, uniforms and safety and security supplies. Other operating expenses include maintenance, travel, consultancy, security services, shared services, rental, insurance, allowance for bad debt and write-off expenses.

107. Certain programme activities are implemented by executing entities/implementing partners. Executing entities/implementing partners typically include Governments, non-governmental organizations and United Nations agencies. The Organization advances funds to these implementing partners on the basis of cash projections. Advances to implementing partners that are not expensed during the year remain outstanding at the end of the year and are reported in the statement of financial position. These executing entities/implementing partners provide the Organization with certified expense reports documenting their use of resources, which are the basis for recording programme expenses in the statement of financial performance. Where a transfer of funds is deemed to be an outright grant, e.g., quick-impact projects, an expense is recognized at the point that the Organization has a binding obligation to pay, which is generally upon signature/confirmation of the arrangement.

108. The support costs incurred by and paid to implementing partners are reported as expenses in the statement of financial performance.

Note 4
First implementation of IPSAS: opening balances

109. On 1 July 2013, the Organization adopted IPSAS accrual-based financial accounting standards; the conversion to full accrual accounting resulted in significant changes to accounting policies and in the types and the measurement of assets, liabilities, revenue and expenses recognized.

110. Accordingly, adjustments and reclassifications were made to the Organization's United Nations system accounting standards balance sheet as at 30 June 2013 to arrive at the restated 1 July 2013 IPSAS opening statement of financial position. The revised statement of financial position is described in these financial statements as the IPSAS opening balances as at 1 July 2013.

111. The net effect of the changes resulting from the adoption of IPSAS adjustments amounted to a $1,166.7 million increase in net assets. Line-by-line adjustments to net assets are shown in the statement of changes in net assets.

Note 5
Segment reporting

112. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources.

113. The Organization classifies its operations into three main segments, as follows: (a) active missions; (b) closed missions; and (c) support activities. As at 30 June 2014, the classification was as follows:

(a) **Active missions**

- MINURSO
- MINUSTAH
- MONUSCO
- MINUSMA
- UNFICYP
- MINUSCA
- UNIFIL
- UNISFA
- UNMIK
- UNAMID
- UNMISS
- UNDOF
- UNOCI
- UNMIL
- UNSOA

(b) **Closed missions**

- MINUGUA
- MINURCAT
- UNPREDEP
- ONUMOZ
- MINURCA
- UNMIBH
- UNSMIH/MIPONUH/UNTMIH
- UNAMIR/UNOMUR
- UNTAES/UNPSG
- UNAMSIL/UNOMSIL
- UNMISET/UNTAET
- MONUA/UNAVEM
- UNMEE
- UNIIMOG
- UNIKOM
- UNOSOM
- UNOMIG
- UNOMIL
- ONUSAL
- UNMOT
- UNMLT
- UNSMIS
- UNTAG
- UNEF (1956)
- UNTAC
- ONUB
- ONUC
- UNPF
- UNMIS
- UNMIT
- UNMIH

(c) **Support activities**

- Support account for peacekeeping operations
- Employee Benefits Funds
- Peacekeeping Reserve Fund
- UNLB/strategic deployment stocks

114. The segment revenue, expenses, assets and liabilities are set out below.

(Thousands of United States dollars)

	Active missions	*Closed missions*	*Support activities*	*Eliminations*	*Total*
Segment revenue					
Assessed contributions	7 793 517	6 412	–	–	7 799 929
Voluntary contributions	140 381	–	4 292	–	144 673
Transfers and allocations	15 479	–	411 085	(422 341)[a]	4 223
Other external sources	43 800	3 597	3 228	–	50 625
Total revenue	**7 993 177**	**10 009**	**418 605**	**(422 341)**	**7 999 450**
Total segment expense	**7 591 914**	**9 480**	**682 443**	**(421 095)[a]**	**7 862 742**
Segment assets	4 175 416	358 816	421 064	(109 596)[b]	4 845 700
Segment liabilities	2 165 315	359 644	1 475 830	(109 596)[b]	3 891 193

[a] $386.044 million for the allocation from active missions to support activities, $19.477 million for the transfer of strategic deployment stocks to missions, $15.574 million for the transfer of assets between peacekeeping missions and $1.246 million in revenue for the allocation from net assets of the Peacekeeping Reserve Fund to the support account.

[b] $32.820 million for the borrowings from the Peacekeeping Reserve Fund, $41.816 million for the cross-borrowings between missions, and $2.540 million for inter-mission receivables.

Note 6
Comparison to budget

115. The Organization prepares budgets on a modified accrual basis, as opposed to the IPSAS full accrual basis. Statement V (statement of comparison of budget and actual amounts) presents the difference between budget amounts and actual expenditure on a comparable basis.

116. The presentation of missions and associated expenditures in statement V is presented on a budget basis. The statement of financial performance reflects expenses by nature on an IPSAS basis.

117. Approved budgets are those that permit expenses to be incurred and are approved by the General Assembly. For IPSAS reporting purposes, approved budgets are the appropriations authorized for each mission under General Assembly resolutions.

Material differences

118. The original budget amounts are the appropriations approved on 28 June 2013 by the General Assembly for the financial year 1 July 2013 to 30 June 2014. The final budget reflects the original budget appropriation with any amendments by the General Assembly. Differences between original and final budget amounts are considered in the table below.

119. Material differences between the final budget appropriation and actual expenditure on a modified accrual basis are deemed to be those greater than 5 per cent and are considered below.

Mission	*General Assembly resolution*	*Note*
UNISFA	67/270	**Expenditure 21.3% less than final appropriation:** Owing to the reconfiguration of the mission's air transportation assets, a delay in the implementation of the construction programme and the deployment of the Joint Border Verification and Monitoring Mechanism, which remained at initial operating capability rather than full deployment from March 2014 onwards, and the use of prior year's stock for rations requirements
UNOCI	67/271	**Expenditure 6.1% less than final appropriation:** UNOCI has been drawing down its force, reducing the mission's strength by 27% in the year ended 30 June 2014. The force continues to consolidate its locations and bases, further reducing expenditure below the original appropriation
UNFICYP	67/272	Non-material difference
MONUSCO	67/273	Non-material difference
MINUSTAH	67/275	**Expenditure 6.0% less than final appropriation:** Civilian personnel costs and operational requirements were reduced owing to the drawdown and reconfiguration of the Mission
UNMIK	67/276	**Expenditure 10.1% less than final appropriation:** Civilian personnel costs and operational requirements were reduced by the winding-down of the Mission
UNMIL	67/277	**Expenditure 5.7% less than final appropriation:** Owing to the non-deployment of a formed police unit, a higher-than-budgeted vacancy rate of international staff and lower-than-planned aircraft flight hours with reduced requirements for aviation fuel and landing fees as a result of optimized flight planning and management as well as reduced logistical and military requirements
UNDOF	67/278	Non-material difference
UNIFIL	67/279	Non-material difference
UNMISS	67/280	Non-material difference
MINURSO	67/283	Non-material difference
UNAMID	67/284	**Expenditure 5.0% less than final appropriation:** Reduced expenditure due to the drawdown of uniformed personnel, delays in the implementation of a number of construction projects and a reduction in the aircraft fleet
UNSOA	67/285	Non-material difference

Mission	General Assembly resolution	Note
MINUSMA	67/286	Non-material difference
MINUSCA	68/299	Non-material difference
Support account	67/287	Non-material difference
UNLB: strategic deployment stock activities		Not applicable: Appropriations do not apply to strategic deployment stock activities
UNLB: other activities	67/288	Non-material difference

120. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is reflected below.

Reconciliation for the year ended 30 June 2014

Reconciliation	Operating	Investing	Financing	Total
Actual amount on a comparable basis (statement V)	**(7 614 886)**	**–**	**–**	**(7 614 886)**
Basis differences	646 872	(185 830)	–	461 042
Entity differences	–	–	–	–
Timing differences	–	–	–	–
Presentation differences	7 837 099	(162 478)	(341 229)	7 333 392
Actual amount in statement of cash flows (statement IV)	**869 085**	**(348 308)**	**(341 229)**	**179 548**

Basis differences capture the differences resulting from preparing the budget on a modified cash basis. In order to reconcile the budgetary results to the statement of cash flows, the non-cash elements such as unliquidated obligations, payments against prior-year obligations, property, plant and equipment and outstanding assessed contributions are included as basis differences.

Entity differences represent cash flows of fund groups other than the peacekeeping operations that are reported in the financial statements. The financial statements include results for all fund groups.

Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. For the purposes of the comparison of budget and actual amounts, there are no timing differences for the Organization.

Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which in this case are related primarily to the non-recording of income in statement V and the changes related to the cash pool.

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	30 June 2014
Cash at bank and on hand[a]	63 046
Cash pool cash and term deposits — original maturity of less than three months	428 951
Total cash and cash equivalents	**491 997**

[a] Includes non-convertible Syrian pounds equivalent to $0.201 million.

Note 8
Receivables from non-exchange transactions: assessed contributions

(Thousands of United States dollars)

	30 June 2014
Assessed contributions	1 292 555
Allowance for doubtful receivables	(604 994)
Total assessed contributions receivable	**687 561**

Note 9
Receivables from non-exchange transactions: voluntary contributions

(Thousands of United States dollars)

	30 June 2014
Voluntary contributions	13 144
Allowance for doubtful receivables	(5 793)
Total voluntary contributions receivable	**7 351**

Note 10
Receivables from exchange transactions: other receivables

(Thousands of United States dollars)

	30 June 2014
Member States	133 733
Receivables from United Nations related party entities	22 328
Other exchange revenue receivables	20 855
Allowance for doubtful receivables	(133 875)
Total other receivables	**43 041**

Note 11
Inventories

(Thousands of United States dollars)

	Strategic reserves	Non-financial inventories	Raw materials and work in progress	Total
Opening inventory at 1 July 2013 (restated)	**109 048**	**275 068**	**–**	**384 116**
Purchased in year	34 888	145 110	–	179 998
Consumption	(37 421)	(137 981)	–	(175 402)
Write-offs	(4)	–	–	(4)
Total inventory at 30 June 2014	**106 511**	**282 197**	**–**	**388 708**

Note 12
Other assets

(Thousands of United States dollars)

	30 June 2014
Deferred charges	11 556
Accrued cash pool investments income	3 711
Other assets relating to United Nations related party entities	11 943
Other	13 990
Total other assets	**41 200**

Note 13
Property, plant and equipment

121. In accordance with IPSAS 17: Property, plant and equipment, opening balances were initially recognized at cost or fair value as at 1 July 2013 and measured at cost thereafter. The opening balance of buildings and infrastructure assets of $488.8 million was obtained on 1 July 2013, on the basis of depreciated replacement cost, and was validated by external professionals.

122. Machinery and equipment are valued using the cost method.

123. During the year, peacekeeping operations wrote down property, plant and equipment by $9.0 million, at net book value. Equipment was written down by $4.6 million, on account of accidents ($1.7 million), malfunctions ($0.9 million), hostile actions or natural disasters ($0.8 million) and other losses ($1.2 million). Buildings and assets under construction were written down by $4.4 million, owing to relocation or closure of the sites ($3.1 million) and donations to the host Governments ($1.3 million). As at the reporting date, peacekeeping operations did not identify any additional impairment.

124. Peacekeeping operations had no significant heritage assets as at the reporting date.

(Thousands of United States dollars)

	Buildings	*Infrastructure*	*Furniture and fixtures*	*Communications and information technology equipment*	*Vehicles*	*Machinery and equipment*	*Assets under construction*	*Total*
Opening, 1 July 2013								
Cost	826 891	362 659	4 119	324 072	829 153	357 317	26 823	2 731 034
Accumulated depreciation	(400 101)	(92 714)	(2 586)	(204 174)	(458 711)	(165 541)	–	(1 323 827)
Net book value	**426 790**	**269 945**	**1 533**	**119 898**	**370 442**	**191 776**	**26 823**	**1 407 207**
Movements								
Additions	23 521	–	1 276	50 867	37 500	30 968	74 105	218 237
Disposals	(4 318)	(3 683)	(557)	(5 549)	(7 503)	(4 131)	–	(25 741)
Depreciation	(62 715)	(23 863)	(422)	(41 427)	(68 321)	(33 487)	–	(230 235)
Impairment	(2 536)	(466)	–	(247)	(1 267)	(2 561)	–	(7 077)
Net transfers	(514)	327	6	1 671	(5 411)	(2 745)	–	(6 666)
Completed assets under construction	14 846	36 058	–	–	–	–	(50 904)	–
Total movements	**(31 716)**	**8 373**	**303**	**5 315**	**(45 002)**	**(11 956)**	**23 201**	**(51 482)**
Closing, 30 June 2014								
Cost	840 694	393 604	4 695	353 938	821 570	370 347	50 024	2 834 872
Accumulated depreciation	(445 620)	(115 286)	(2 859)	(228 725)	(496 130)	(190 527)	–	(1 479 147)
Net book value	**395 074**	**278 318**	**1 836**	**125 213**	**325 440**	**179 820**	**50 024**	**1 355 725**

Note 14
Accounts payable

(Thousands of United States dollars)

	30 June 2014
Vendor payables	195 847
Accruals for goods and services	882 735
Payables to United Nations related party entities	17 369
Other	45 284
Total	**1 141 235**
Member States accounts payable	764 193
Total accounts payable	**1 905 428**

Note 15
Advance receipts

(Thousands of United States dollars)

	30 June 2014
Contributions or payments received in advance	17 173
Extrabudgetary contributions transferred subject to conditions	–
Total advance receipts	**17 173**

Note 16
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total*
After-service health insurance	15 828	1 020 779	1 036 607
Annual leave	9 767	121 221	130 988
Repatriation benefits	15 272	163 979	179 251
Appendix D/workers' compensation	415	41 103	41 518
Total defined-benefit liabilities	**41 282**	**1 347 082**	**1 388 364**
Accrued salaries and allowances	32 067	–	32 067
Total employee benefits liabilities	**73 349**	**1 347 082**	**1 420 431**

125. The liabilities arising from post-employment benefits are determined by independent actuaries and are established in accordance with the Staff Rules and Staff Regulations of the United Nations. Actuarial valuation is usually undertaken every two years. The most recent actuarial valuation was conducted as at 31 December 2013, and the accrued liabilities have been rolled forward to 30 June 2014.

Actuarial valuation — assumptions

126. The Organization reviews and selects assumptions and methods used by the actuaries in the year-end valuation to determine the expense and contribution requirements for the employee benefits.

127. The actuarial method used for the valuation was the projected unit credit method. The principal actuarial assumptions used to determine the employee benefit obligations at 31 December 2013 and for roll-forward to 30 June 2014 are shown below.

(Percentage)

Actuarial assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates (31 December 2013)	4.47	4.23	4.37
Discount rates (30 June 2014)	3.93	3.70	3.83
Expected rate of medical cost increase (31 December 2013 and 30 June 2014)	5.0-7.3	–	–
Travel costs (31 December 2013 and 30 June 2014)	–	2.5	–

128. Discount rates are based on a weighted blend of three discount rate assumptions: United States dollars, euros and Swiss francs. Consistent with the decrease observed since 31 December 2013 in interest rates of all maturities in the three areas, lower discount rates were assumed for roll-forward.

129. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience. The health-care cost trend rate assumption is revised to reflect the current short-term expectations of the after-service health insurance plan cost increases and economic environment. Medical cost trend assumptions that were used for the valuation as at 31 December 2013 were maintained for roll-forward, since no significant evolution regarding the medical trend has been observed.

130. With regard to the valuation of repatriation benefits as at 31 December 2013, inflation in travel costs was assumed to be 2.5 per cent, on the basis of the projected United States inflation rate over the next 10 years. The assumption of 2.5 per cent selected as at 31 December 2013 was maintained for roll-forward taking into consideration the stability observed in several sources of inflation forecasts.

131. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 1-3 years — 10.9 days; 4-8 years — 1 day; and over 8 years — 0.5 days up to the maximum 60 days. This assumption was maintained for the roll-forward of peacekeeping accounts.

132. Assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

(Thousands of United States dollars)

Net defined benefit liability at 1 July 2013 (restated):	**1 175 130**
Increase in the obligation:	
Current service cost	112 301
Interest cost	47 926
Actuarial losses from changes in assumptions and disbursements	89 827
Decrease in the obligation:	
Actual benefits paid	(36 820)
Net recognized liability at 30 June 2014	**1 388 364**

133. The costs recognized in the statement of financial performance are set out below.

(Thousands of United States dollars)

Current service cost	112 301
Interest cost	47 926
Actuarial losses	89 827
Total employee benefits expenses recognized	**250 054**

Discount rate sensitivity analysis

134. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate or government bonds. The bonds markets were volatile during the reporting period, and volatility has an impact on the discount rate assumption. Should the discount rate assumption vary by 1 per cent, its impact on the obligations would be as shown below.

Discount rate sensitivity to end-of-year employee benefit liabilities

(Thousands of United States dollars)

	After-service health insurance	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 1 per cent	(179 496)	(17 365)	(12 768)
As a percentage of end-of-year liability	(17)	(10)	(10)
Decrease of discount rate by 1 per cent	239 498	19 387	15 024
As a percentage of end-of-year liability	23	11	11

Medical cost sensitivity analysis

135. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability due to changes in the medical cost rates while holding other assumptions constant, such as the discount rate. Should the medical cost trend assumption vary by 1 per cent, this would have an impact on the measurement of the defined benefit obligations, as shown below.

(Thousands of United States dollars)

	Increase	*Decrease*
1 per cent movement in the assumed medical cost trend rates		
Effect on the after-service health insurance defined-benefit obligation	255 457	(193 255)
Effect on the aggregate of the current service cost and interest cost	35 082	(25 872)

Other defined-benefit plan information

Historical information: total for after-service health insurance and repatriation benefits as at 30 June

(Thousands of United States dollars)

	2013	*2012*	*2011*	*2010*	*2009*
Present value of the defined-benefit obligations	1 183 133	1 143 154	709 785	578 486	576 150

Accrued salaries and allowances

136. Other liabilities as at 30 June 2014 consist of accruals for home leave ($16.3 million), repatriation and settlement allowance ($6.9 million), family visit ($4.7 million), education grant travel ($3.6 million) and compensatory time off ($0.5 million).

Reserve fund for peacekeeping compensation payments — appendix D/ workers' compensation

137. The reserve fund for peacekeeping compensation payments relates to the payment of compensation with respect to death, injury or illness attributable to the performance of official duties. The rules governing the compensation payments are under appendix D to the Staff Rules. The reserve fund allows the Organization to continue to fulfil its obligation to make compensation payments for death, injury or illness incurred while serving in peacekeeping missions well after the mandate of the mission is ended and the mission is liquidated.

138. The fund derives its revenue from a charge of 0.5 per cent of net base salary, including post adjustment, that is recorded as employee expenses against the budgets of the peacekeeping missions. The fund covers appendix D claims submitted by peacekeeping personnel, covering monthly death and disability benefits and lump sum payment for injury or illness as well as medical expenses.

139. Previously, the reserve fund was reported in the financial statements of the United Nations. Commencing with the 2014 peacekeeping fiscal year, the fund is being reported in the financial statements of the United Nations peacekeeping operations, reflecting the fact that the reserve fund accounts for financial transactions that relate solely to peacekeeping operations. The long-term liability to the Organization relating to death and disability of staff in peacekeeping operations is actuarially valued and recorded in the reserve fund and included in the financial statements of the peacekeeping operations.

United Nations Joint Staff Pension Fund

140. The Organization's financial obligation to the United Nations Joint Staff Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.9 per cent for participants and 15.8 per cent for member organizations), together with any share of any actuarial deficiency payments under article 26 of the Regulations, Rules and Pension Adjustment System of the Pension Fund. Deficiency payments are payable only if and when the General Assembly has invoked the provision of article 26, following a determination that

there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Pension Fund as at the valuation date. At the time of reporting, the General Assembly had not invoked this provision.

141. The actuarial valuation performed as at 31 December 2013 revealed an actuarial deficit of 0.72 per cent of pensionable remuneration, implying that the theoretical contribution rate required to achieve balance as at 31 December 2013 was 24.42 per cent of pensionable remuneration, compared with the actual contribution rate of 23.7 per cent. The improved funded position is attributable to the increase in the normal retirement age to 65 years for new staff who enter the Fund on or after 1 January 2014.

Termination benefits

142. Peacekeeping operations had no liabilities for termination benefits as at 30 June 2014.

Note 17
Provisions

143. At the reporting date, a number of enterprises in Kosovo have made claims estimated to be $4.5 million against UNMIK for the non-consensual use of premises for which a provision has been made. MONUSCO has made a provision of $14.5 million, which includes $9.0 million for warehousing fees deemed payable upon the vendor's contract compliance and $4.2 million for the restoration of premises. The claims will become payable only if and when they are verified.

144. Provisions have been made in the amount of $439.6 million for credits to Member States, the disposal of which will be decided by the General Assembly in the next fiscal year. The credits comprise uncommitted appropriations of $300.9 million, cancellation of prior-period obligations amounting to $95.0 million and investment and other income of $43.7 million.

(Thousands of United States dollars)

	Provisions for claims	*Provisions for credits to Member States*	*Total*
Opening carrying amount	**4 426**	**206 896**	**211 322**
Additional provisions made	24 219	439 646	463 865
Amounts used	–	(206 896)	(206 896)
Amounts reversed	–		–
Closing balance	**28 645**	**439 646**	**468 291**

Note 18
Other liabilities

(Thousands of United States dollars)

	30 June 2014
Deferred credits/revenue	5 974
Inter-fund payables	13 308
Other liabilities	60 588
Total	**79 870**

Note 19
Accumulated surpluses/deficits

145. The unrestricted accumulated surplus includes the accumulated deficit for employee benefits liabilities, the net positions of after-service health insurance, repatriation benefit and annual leave liabilities.

Accumulated surplus — strategic deployment stock activities

146. The General Assembly, in its resolution 56/292 of 27 June 2002, authorized the purchase of strategic deployment stocks. In his report on the concept of strategic deployment stocks and its implementation (A/56/870), the Secretary-General stated that once items had been deployed or rotated, the Secretariat would replenish them by charging the replacement costs to the budget of the mission that received them. In order to account for the replenishment of strategic deployment stocks, a separate revolving fund has been established where all such transactions are recorded; the activities of the revolving fund are reported in the financial statements of UNLB.

147. The cumulative surplus at the end of the financial year, which incorporates such items as timing differences between the recording of transfers and the actual replenishment of strategic deployment stocks, is carried over, to be available in the next financial year.

Authorized retained surplus — restricted

148. In its resolution 57/323 of 18 June 2003, the General Assembly decided to suspend the provisions of financial regulation 5.5 for certain missions in the light of the cash shortages of those missions. The missions with continuing cash shortages and for which the provisions of financial regulation 5.5 have been suspended are UNSMIH, UNTMIH, MIPONUH, MINURCA, the Military Observer Group of MINUGUA, ONUMOZ, UNOSOM and UNTAC.

Note 20
Reserves

Peacekeeping Reserve Fund

149. The Peacekeeping Reserve Fund was established as a cash flow mechanism to support the rapid response of the Organization to meet expenses and capital requirements for the start-up or expansion of peacekeeping operations. During the current financial period, the Peacekeeping Reserve Fund provided $15 million to

MINUSCA. As at 30 June 2014, the outstanding advances totalled $32.8 million, of which amount $12.8 million was due from MINURCA, $15 million from MINUSCA and $5 million from UNSMIS. Subsequently, MINUSCA and UNSMIS repaid the full amount of advances, in October 2014 and September 2014, respectively. Advances to MINURCA have been outstanding since February 2000, as that mission has insufficient cash resources to repay the amount advanced from the Fund.

150. As at 30 June 2014, the Peacekeeping Reserve Fund had reserves of $150.0 million and a cumulative surplus of $1.6 million, representing surpluses of revenue over expenses of $0.8 million for the period ended 30 June 2013 and $0.8 million for the period ended 30 June 2014. The excess balance as at 30 June 2013 will be applied to meet the requirements of the support account for peacekeeping operations for 2014/15, in accordance with General Assembly resolution 68/283, and the excess balance as at 30 June 2014 is available for future utilization as directed by the General Assembly.

Note 21
Revenue from non-exchange transactions

Assessed contributions

151. Assessed contributions of $7,299.9 million have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the peacekeeping scale of assessment.

Voluntary contributions

152. In-kind contributions revenue represents confirmed contributions of goods, landing rights fees, airport fees, vehicle registration fees and permission to use facilities and premises. On the basis of fair rental value, a total of $98.8 million of facilities and premises were provided during the reporting period. Landing fees and other fees at airports, totalling $9.3 million and $3.8 million, respectively, vehicle registration fees of $1.8 million, and a number of various goods and fees amounting to $5.7 million were waived, bringing total in-kind contributions to $119.4 million.

(Thousands of United States dollars)

	Member States	*Others*	*Total*
Voluntary monetary contributions	25 225	–	25 225
Voluntary in-kind contributions	119 448	–	119 448
Total reserves	**144 673**	**–**	**144 673**

153. Various fees that are usually charged for taxes and services were also waived. Such waived fees included airport passenger taxes of $6.0 million, radio frequency fees of $2.2 million and other services amounting to $6.7 million. These in-kind contributions of services are not recognized and therefore are not included in the in-kind contributions revenue shown above.

Other contributions and allocations

154. Revenue from non-exchange transactions also includes other contributions and allocations amounting to $4.2 million.

Note 22
Financial instruments and the cash pool

Cash pool

155. In addition to directly held cash and cash equivalents, the Organization participates in the United Nations cash pool. Pooling the funds has a positive effect on overall investment performance and risk, because of economies of scale, and by virtue of the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and income is based on each participating entity's principal balance.

Financial instruments

(Thousands of United States dollars)

Financial instruments	*30 June 2014*
Financial assets	
Fair value through surplus or deficit	
Investments — cash pool short-term	812 610
Investments — cash pool long-term	1 017 507
Total fair value through surplus or deficit	**1 830 117**
Loans and receivables	
Cash and cash equivalents — internally managed	63 046
Cash and cash equivalents — cash pool	428 951
Assessed contributions	687 561
Voluntary contributions	7 351
Other receivables	43 041
Accrued cash pool investment income	3 711
Other assets (excludes deferred charges)	25 933
Total loans and receivables	**1 259 594**
Total carrying amount of financial assets	**3 089 711**
Of which relates to financial assets held in cash pool	2 262 779
Financial liabilities	
Amortized cost	
Accounts payable — Member States	764 193
Accounts payable — other	1 141 235
Other liabilities (excludes deferred revenue)	73 896
Total carrying amount of financial liabilities	**1 979 324**

Summary of net income of the main cash pool for the year ended 30 June 2014	
Investment revenue	18 514
Foreign exchange losses	(217)
Unrealized gains/(losses)	2 086
Cash pool interest and gains	**20 383**
Bank fees	(98)
Net cash pool income from operations	**20 285**

156. No interest revenue was received from non-fair value through surplus or deficit financial assets calculated using the effective interest method.

Financial risk management

Overview

157. The Organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

158. This note presents information on the Organization's exposure to these risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework

159. The Organization's risk management practices are in accordance with its Financial Regulations and Rules and Investment Management Guidelines (Guidelines). The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Guidelines.

160. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

161. An Investment Committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto. The cash pool does not invest in derivative instruments such as asset-backed, mortgage-backed securities or in equity products. Other than those disclosed, the Organization has not identified any further risk concentrations arising from financial instruments.

162. The Organization defines the capital that it manages as the aggregate of its net assets, which comprises accumulated fund balances and reserves. Its objectives are to safeguard its ability to continue as a going concern, to fund its asset base and to

fulfil its mission and objectives. The Organization manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

Credit risk

163. Credit risk is the risk of financial loss if a counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments and deposits with financial institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets, less impairment, is the maximum exposure to credit risk.

Credit risk management

164. The Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible investments may include, but are not restricted to, bank deposits, commercial paper, supranational securities, government agency securities and government securities with maturities of five years or less. For bank deposits, only independently rated parties with a Fitch minimum viability rating of "A-" are accepted.

165. The investment management function is centralized at United Nations Headquarters, and under normal circumstances missions are not permitted to engage in investing. A mission may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Guidelines.

Contributions receivable and other receivables

166. A large portion of contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities that do not have significant credit risk. As at the reporting date, the Organization did not hold any collateral as security for receivables.

Allowance for doubtful receivables

167. The Organization evaluates the allowance of doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the Organization will not collect the full amount due. Balances credited to the allowance for doubtful receivables account are utilized when management approves write-offs under the Financial Regulations and Rules of the United Nations or are reversed when previously impaired receivables are received. The movement in the allowances account during the year was as shown below.

Movement in allowance for doubtful receivables

(Thousands of United States dollars)

As at 1 July 2013	**609 712**
Additional allowance for doubtful receivables	134 950
As at 30 June 2014	**744 662**

168. On the basis of its monitoring of credit risk, the Organization believes that, except as indicated, no impairment allowance is necessary in respect of receivables.

Assessed contributions

169. The ageing of assessed contributions receivable and associated allowance percentages is shown below.

Ageing of contributions receivable as at 30 June 2014

(Thousands of United States dollars)

	Impairment percentage	*Gross receivable*	*Allowance*
Neither past due nor impaired	–	–	–
Less than one year	Nil	562 417	–
One to two years	Nil	78 681	–
Two to three years	Note 3, para. 35	24 173	189
Three to four years	Note 3, para. 35	13 113	185
Over four years	Note 3, para. 35	614 171	604 620
Total		**1 292 555**	**604 994**

Voluntary contributions and other receivables

170. The ageing of receivables other than assessed contributions, including associated allowance, percentages is shown below.

Ageing of voluntary contributions and other receivables as at 30 June 2014

(Thousands of United States dollars)

	Impairment percentage	*Gross receivable*	*Allowance*
Neither past due nor impaired	–	852	–
Less than one year	Nil	44 818	–
One to two years	25	5 260	1 314
Two to three years	60	1 938	1 162
Over three years	100	137 192	137 192
Total		**190 060**	**139 668**

Cash and cash equivalents

171. Peacekeeping operations had cash and cash equivalents of $492.0 million at 30 June 2014, which is the maximum credit exposure on these assets. Cash and cash equivalents are held with bank and financial institution counterparties rated at "A-" and above, based on the Fitch viability rating.

Cash pool investments

172. The Guidelines require that investments not be made in issuers whose credit ratings are below specifications, and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made. The credit ratings used are those determined by major credit-rating agencies; Standard & Poor's and Moody's are used to rate bonds and commercial paper, and

the Fitch viability rating is used to rate term deposits. At 30 June 2014 the credit ratings were as shown below.

Cash pool fair credit ratings as at 30 June 2014

	Ratings
Bonds	S&P: 30.8% AAA and 63.9% AA+/AA/AA-; 4.6% not rated by S&P; Moody's 76.6% Aaa and 23.4% Aa1/Aa3
Discounted investments	S&P: 100% A-1+; Moody's: 70.6% P-1, 29.4% not rated; Fitch: 100% F1+
Certificates of deposit	S&P: 100% A-1+; Moody's: 100% P-1; Fitch: 100% F1
Term deposits	Fitch: 70.7% aa- and 29.3% a+/a/a-

173. The United Nations Treasury actively monitors credit ratings. Given that the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for any impaired investments.

Liquidity risk

174. Liquidity risk is the risk that the Organization might not have adequate funds to meet its obligations as they fall due. The Organization's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation.

175. The Financial Regulations and Rules of the United Nations require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk to the Organization with regard to contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses prior to the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

176. The Organization performs cash flow forecasting and monitors rolling forecasts of liquidity requirements to ensure that they have sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The Organization maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

Cash pool investments

177. The cash pool is exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. It maintains sufficient cash and marketable securities to meet participants' commitments as and when they fall due. The major portion of the pool's cash and cash equivalents and investments are available within one day's notice to support operational requirements. Cash pool liquidity risk is therefore considered to be low.

Financial liabilities

178. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the contributions, cash and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources with which to meet its financial obligations. At the reporting date, the Organization had not pledged any collateral for any liabilities or contingent liabilities, and during the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which peacekeeping operations can be required to settle each financial liability are shown below.

Maturities for financial liabilities: as at 30 June 2014, undiscounted

(Thousands of United States dollars)

	On demand	*Within 3 months*	*3-12 months*	*1-2 years*	*2 years*	*Total*
Accounts payable	–	1 905 428	–	–	–	1 905 428
Other liabilities	–	73 896	–	–	–	73 896
Total	–	**1 979 324**	–	–	–	**1 979 324**

Market risk

179. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the Organization's income or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the Organization's fiscal position.

Currency risk

180. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Organization has transactions, assets and liabilities in currencies other than in its functional currency and is exposed to currency risk arising from fluctuations in currency exchange rates. Management policies and the Guidelines require the Organization to manage its currency risk exposure.

181. Non-United States dollar holdings have the primary objective of supporting local operating activities in mission countries. The Organization maintains a minimum level of assets in local currencies and, whenever possible, maintains bank accounts in United States dollars. Some cash is held in currencies that are either legally restricted or not readily convertible to United States dollars and used exclusively for local expenses at the respective countries.

182. The Organization mitigates currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes. Given that the cash pool is denominated in United States dollars, it has no currency risk, and, in conjunction with the low risk of other financial instruments, the Organization considers currency risk to be low.

Exposure to currency risk

183. The Organization's cash, cash equivalents and investment currencies are considered above. No sensitivity analysis is required because the non-United States-dollar amounts represent a small proportion of financial assets, and the Organization therefore considers that it has limited currency risk.

Interest rate risk

184. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to changes in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The larger the duration, the greater the interest rate risk.

185. Fixed-rate cash, cash equivalents and investments are the Organization's interest-bearing financial instruments. The cash pool comprises its main exposure to interest rate risk. As at the reporting date, the cash pool invested primarily in securities with shorter terms to maturity, with the maximum being less than five years. The average duration of the cash pool was 1.1 years, which is considered to be an indicator of low risk.

Cash pool interest rate risk sensitivity analysis

186. The analysis below shows how the fair value of the cash pool as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. As these investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase/decrease of the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown (100 basis points equals 1 per cent). These basis point shifts are illustrative.

The Organization's cash pool interest rate risk sensitivity analysis

Shift in yield curve (basis points)	-200	-150	-100	-50	0	50	100	150	200
Increase/(decrease) in fair value (millions of United States dollars)	182.6	136.9	91.3	45.6	0	(45.6)	(91.3)	(136.9)	(182.6)

Other market price risk

187. The cash pool is not exposed to significant other market price risk, as it does not sell short or borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value

188. Owing to the short-term nature of cash and cash equivalents, receivables and payables, the fair value is assumed to be the carrying amount.

189. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and

regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the cash pool is the current bid price.

190. The carrying value of investments carried at fair value through surplus or deficit is fair value, and, for cash and cash equivalents, including cash pool term deposits, carrying value is a fair approximation of fair value.

Fair value hierarchy

191. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

192. The fair value of financial instruments traded in active markets is based on quoted market prices at the valuation date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis. The quoted market price used for financial assets held by the cash pools is the current bid price.

193. The fair value of financial instruments that are not traded in an active market (for example, term deposits with banks) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available, and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

194. The following fair-value hierarchy presents the main cash pool assets that are measured at fair value at the reporting date. There were no level 3 financial assets, nor any liabilities carried at fair value.

Fair value hierarchy: main cash pool

(Thousands of United States dollars)

	Year ended 30 June 2014		
	Level 1	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit			
Bonds	4 724 195	–	4 724 195
Discounted instruments	849 440	–	849 440
Certificate of deposits	85 000	–	85 000
Total	**5 658 635**	–	**5 658 635**

195. There were no significant transfers of financial assets between fair value hierarchy classifications.

Note 23
Related parties

Key management personnel

196. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the Organization. For the United Nations peacekeeping operations, the key management personnel group is deemed to comprise the Secretary-General, the Deputy Secretary-General and officials at the Under-Secretary-General and Assistant Secretary-General levels within the Department of Peacekeeping Operations, the Department of Field Support and the Department of Management.

197. These persons are deemed to have the relevant authority and responsibility for planning, directing and controlling the Organization's activities relating to the peacekeeping operations.

198. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions. The Organization's peacekeeping operations had 19 key management personnel, who were paid a total of $6.9 million during the financial period ended 30 June 2014; such payments are in accordance with the Staff Regulations and Rules of the United Nations, the published salary scales of the United Nations and other publicly available documents.

199. Non-monetary and indirect benefits paid to key management personnel were not material. No close family member of key management personnel was employed by the Organization at the management level.

200. Advances made to key management personnel are those made against entitlements in accordance with the Staff Rules and Staff Regulations; such advances against entitlements are widely available to all staff of the Organization.

Related entity transactions

201. In the ordinary course of business, to achieve economies in executing transactions, financial transactions of the Organization are often executed by one financial reporting entity on behalf of another and then subsequently settled. In this regard, as at 30 June 2014, the peacekeeping operations had inter-entity balances of $17.4 million due to other related reporting entities of the Organization. No interest is levied on such inter-entity balances.

Trust fund activities related to peacekeeping operations

202. The following peacekeeping-related funds, which augment the activities of the peacekeeping operations, are structured as trust funds and, accordingly, appear in the financial statements of the United Nations. The reserves and fund balances of these related trust funds as at 30 June 2014 are shown below.

Activities related to peacekeeping operations funded by trust funds: reserves and fund balances as at 30 June 2014

(Thousands of United States dollars)

	Reserves and fund balances
Trust Fund in Support of the Delimitation and Demarcation of the Ethiopia/Eritrea Border	1 419
Trust Fund for Somalia — Unified Command	393
Trust Fund in Support of the Implementation of the Agreement on a Ceasefire and Separation of Forces signed in Moscow on 14 May 1994	8
Trust Fund for Police Assistance Programme in Bosnia and Herzegovina	308
Trust Fund in Support of United Nations Peacemaking and Peacekeeping Activities	4 443
Trust Fund in Support of the Department of Peacekeeping Operations	13 498
Trust Fund for the Rapidly Deployable Mission Headquarters	1 010
Trust Fund to Support the Peace Process in the Democratic Republic of the Congo	2 071
Trust Fund to Support the United Nations Interim Administration in Kosovo	1 053
Trust Fund to Support the Ituri Pacification Commission	7
Trust Fund in Support of the Peace Process in the Sudan	690
Trust Fund for the African Union-United Nations Joint Mediation Support Team for Darfur	6 104
Trust Fund for the Support of the Activities of the United Nations Mission in the Central African Republic and Chad	1 682
Trust Fund to Support Lasting Peace in Darfur	3 055
Trust Fund in Support of the African Union Mission to Somalia	26 928
Trust Fund in Support of the African-led International Support Mission in Mali	30 363
Trust Fund in Support of Peace and Security in Mali	10 117
Trust Fund for the United Nations Operation in Côte d'Ivoire	351
Trust Fund in Support of Peace and Security in Libya	267
Trust Fund in Support of the Political Transition in Haiti	696
Trust Fund in Support of the Elimination of Syrian Chemical Weapons	4 829
Trust Fund in Support of the African-led International Support Mission in the Central African Republic	4 248
Total	**113 540**

Peacekeeping-related operations funded by the regular budget

203. Shown below are peacekeeping-related operations that are funded by the regular budget and appear in the financial statements of the United Nations.

Peacekeeping-related operations funded by the regular budget

(Thousands of United States dollars)

	Appropriation[a]	*Total expenditure as at 30 June 2014*	*Unencumbered balance*
Department of Peacekeeping Operations			
Executive direction and management	1 324	337	987
Programme of work	8 644	1 921	6 723
Programme support	1 091	202	889
Department of Field Support			
Executive direction and management	2 155	509	1 646
Programme of work	6 301	1 472	4 829
Peacekeeping missions[b]			
UNTSO	74 292	18 295	55 997
UNMOGIP	19 647	4 048	15 599
Total	**113 454**	**26 784**	**86 670**

[a] For the biennium 2014-2015.

[b] Funded by the regular budget.

Peacekeeping operation-related balances reflected in the Tax Equalization Fund

204. The financial statements of the peacekeeping operations report employee benefits expenses on a net-of-tax basis. The tax liabilities relating to peacekeeping operations are reported separately as part of the Tax Equalization Fund in the financial statements of the United Nations, which has a financial reporting date of 31 December.

205. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) of 15 December 1955 to equalize the net pay of all staff members, whatever their national tax obligations. The Fund reports as income the staff assessment in respect of staff members financed under the regular budget, assessed peacekeeping operations and the Tribunals for Rwanda and the former Yugoslavia and the Residual Mechanism. The Fund includes as expenditure the credits against the regular budget, peacekeeping, the Mechanism and Tribunals' assessments of Member States that do not levy taxes on the United Nations income of their nationals. Member States that levy income taxes on their nationals working for the Organization do not receive this credit in full; instead, their share is utilized in the first instance to reimburse staff members for taxes that they had to pay on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds.

206. As at 31 December 2013, as reflected in the latest audited financial statements of the United Nations, the cumulative surplus of the Tax Equalization Fund payable to the United States of America was $52 million, of which about $9 million related to peacekeeping operations. In addition, the Tax Equalization Fund had reserves and fund balances of $36.5 million, of which about $6.3 million related to peacekeeping operations.

Note 24
Commitments

Lease commitments

207. Peacekeeping operations enter into operating leases for the use of land, permanent and temporary buildings and equipment. The total lease payments recognized in expenditure for the year was $9.5 million. Future minimum lease payments under non-cancellable arrangements are shown below.

(Thousands of United States dollars)

	30 June 2014
Less than 1 year	21 402
1 to 5 years	17 926
Over 5 years	76
Total minimum lease commitments	**39 404**

Contractual commitments

208. At the reporting date, commitments for goods and services contracted by peacekeeping operations but not delivered amounted to $389.0 million.

Note 25
Contingent liabilities and contingent assets

Contingent liabilities

209. The Organization is subject to a variety of claims that arise from time to time in the ordinary course of its operations. These claims are segregated into two main categories: commercial and administrative law claims.

210. As at 30 June 2014, commercial claims pending arbitration or negotiated settlement brought against the Organization in respect of its peacekeeping operations totalled $10.6 million. This figure includes one claim pending arbitration brought against UNSOA, in the amount of $3.1 million. Owing to the uncertainty of outcome of these claims, no provision for loss has been recorded, as the occurrence, amount and timing of outflow cannot be reliably estimated. Consistent with IPSAS, contingent liabilities are disclosed for pending claims when the probability of outcome cannot be determined and the amount of loss cannot be reasonably estimated.

211. Similarly, owing to the inherently unpredictable nature of the administrative law claims, the outcome of such legal matters is uncertain and the probability of payout cannot be reliably measured. However, on the basis of past experience over the past four years, possible payout is estimated, at the reporting date, at $0.5 million for peacekeeping operations. The Organization does not expect that the ultimate resolution of any of these claims will have a significant adverse effect on the financial position, performance or cash flows of peacekeeping operations.

Contingent assets

212. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, contingent assets are disclosed where an event will give rise to a probable inflow of economic benefits to the Organization. As at 30 June 2014, there were no material contingent assets relating to peacekeeping operations.

Note 26
Intangible assets

213. As at 30 June 2014, peacekeeping operations had no material holdings of intangible assets.

214. Umoja, the enterprise resource planning system of the Organization, is estimated to cost $348.1 million, and, based on the current cost-sharing arrangements, the peacekeeping operations' share is $215.8 million. During the current financial period, peacekeeping operations contributed $18.7 million to Umoja-related expenditure, thereby bringing the total contribution of peacekeeping operations to $195.8 million as at 30 June 2014. Capitalizable expenditure related to Umoja is reported as an intangible asset in the financial statements of the United Nations, and the cost-sharing of peacekeeping operations is expensed in the financial statements of peacekeeping operations.

Note 27
Events after the reporting date

215. The reporting date for these financial statements is 30 June 2014. There were no material events, favourable or unfavourable, that occurred between the date of the financial statements and the date when the financial statements were authorized for issue that would have had a material impact on these statements.

Annex I

Financial reporting by mission

Statement of financial position as at 30 June 2014: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNMIL*
Assets							
Cash and cash equivalents	950	2 495	44 574	1 988	905	77 143	17 548
Investments	1 317	3 277	189 444	2 151	3 552	149 922	70 211
Contributions receivable	16 220	22 878	16 726	45 113	30 799	192 143	20 718
Other receivables	7 597	126	3 507	579	109	7 725	4 927
Inventories	1 541	5 325	16 023	3 946	1 574	54 432	24 780
Property, plant and equipment	3 633	46 327	117 728	13 750	3 580	111 071	30 960
Other assets	1 802	7 758	1 458	190	296	6 418	4 697
Total assets	**33 060**	**88 186**	**389 460**	**67 717**	**40 815**	**598 854**	**173 841**
Liabilities							
Accounts payable	10 888	8 065	169 758	9 249	3 820	364 411	78 373
Employee benefits	74	335	1 986	520	608	4 523	2 610
Other liabilities and provisions	2 440	3 859	20 689	13 268	32 107	59 752	37 328
Total liabilities	**13 402**	**12 259**	**192 433**	**23 037**	**36 535**	**428 686**	**118 311**
Net assets							
Accumulated surpluses/(deficits)	19 658	75 927	197 027	44 680	4 280	170 168	55 530
Reserves	–	–	–	–	–	–	–
Total net assets	**19 658**	**75 927**	**197 027**	**44 680**	**4 280**	**170 168**	**55 530**
Total liabilities and net assets	**33 060**	**88 186**	**389 460**	**67 717**	**40 815**	**598 854**	**173 841**

Statement of financial performance for the year ended 30 June 2014: active missions

(Thousands of United States dollars)

	UNFICYP	*UNDOF*	*UNIFIL*	*MINURSO*	*UNMIK*	*MONUSCO*	*UNMIL*
Revenue							
Assessed contributions	33 333	63 372	520 445	61 695	47 479	1 535 449	503 181
Voluntary contributions/other transfers	27 048	855	4 179	7 081	120	21 043	3 107
Investment revenue	59	95	2 047	37	52	2 482	837
Other revenue	528	35	306	49	139	2 934	1 691
Total revenue	**60 968**	**64 357**	**526 977**	**68 862**	**47 790**	**1 561 908**	**508 816**
Employee benefits and allowances	18 297	14 473	105 322	904	31 136	315 360	104 275
Contingent contracted services	15 315	25 857	274 557	23 837	–	493 841	177 362
Other expenses	26 112	23 080	158 860	43 841	12 283	743 230	206 381
Total expenditure	**59 724**	**63 410**	**538 739**	**68 582**	**43 419**	**1 552 431**	**488 018**
Surplus/(deficit) for the year	**1 244**	**947**	**(11 762)**	**280**	**4 371**	**9 477**	**20 798**

Statement of financial position as at 30 June 2014: active missions (concluded)

(Thousands of United States dollars)

	UNOCI	*MINUSTAH*	*UNAMID*	*UNSOA*	*UNISFA*	*UNMISS*	*MINUSMA*	*MINUSCA*	***Total active missions***
Assets									
Cash and cash equivalents	26 634	29 271	58 364	30 018	19 994	38 825	37 692	1 506	**387 907**
Investments	113 321	124 020	247 694	127 485	78 019	164 813	107 439	10 313	**1 392 979**
Contributions receivable	23 318	22 287	59 233	26 260	49 119	30 962	117 854	–	**673 629**
Other receivables	1 441	5 441	4 005	750	1 805	8 227	1 607	242	**48 089**
Inventories	21 604	30 831	83 407	39 104	8 369	51 715	6 908	381	**349 940**
Property, plant and equipment	48 430	77 967	471 260	137 180	34 815	141 445	36 779	3 581	**1 278 505**
Other assets	2 561	2 093	5 041	911	1 389	5 408	4 297	48	**44 366**
Total assets	**237 309**	**291 910**	**929 004**	**361 708**	**193 510**	**441 395**	**312 576**	**16 071**	**4 175 415**
Liabilities									
Accounts payable	90 767	105 176	230 363	112 211	49 516	176 414	130 555	44 082	**1 583 649**
Employee benefits	3 484	1 039	2 896	1 568	465	3 704	2 177	216	**26 204**
Other liabilities and provisions	47 703	47 886	125 728	18 250	82 493	31 240	14 976	17 743	**555 461**
Total liabilities	**141 954**	**154 101**	**358 987**	**132 029**	**132 474**	**211 358**	**147 708**	**62 041**	**2 165 314**
Net assets									
Accumulated surpluses/(deficits)	95 355	137 809	570 017	229 679	61 036	230 037	164 868	(45 970)	**2 010 101**
Reserves	–	–	–	–	–	–	–	–	–
Total net assets	**95 355**	**137 809**	**570 017**	**229 679**	**61 036**	**230 037**	**164 868**	**(45 970)**	**2 010 101**
Total liabilities and net assets	**237 309**	**291 910**	**929 004**	**361 708**	**193 510**	**441 395**	**312 576**	**16 071**	**4 175 415**

Statement of financial performance for the year ended 30 June 2014: active missions (concluded)

(Thousands of United States dollars)

	UNOCI	*MINUSTAH*	*UNAMID*	*UNSOA*	*UNISFA*	*UNMISS*	*MINUSMA*	*MINUSCA*	***Total active missions***
Revenue									
Assessed contributions	617 515	609 188	1 410 642	460 409	345 527	976 627	608 655	–	**7 793 517**
Voluntary contributions/other transfers	18 319	4 336	2 124	137	287	43 935	19 718	3 571	**155 860**
Investment revenue	1 413	1 276	3 610	1 046	647	2 105	887	11	**16 604**
Other revenue	1 172	1 337	14 624	407	46	3 731	197	–	**27 196**
Total revenue	**638 419**	**616 137**	**1 431 000**	**461 999**	**346 507**	**1 026 398**	**629 457**	**3 582**	**7 993 177**
Employee benefits and allowances	102 543	114 802	279 393	49 368	24 155	223 518	67 514	4 323	**1 455 383**
Contingent contracted services	242 410	219 537	433 397	36 219	96 463	216 117	196 381	5 539	**2 456 832**
Other expenses	242 963	258 117	681 022	344 209	146 847	558 173	195 301	39 280	**3 679 699**
Total expenditure	**587 916**	**592 456**	**1 393 812**	**429 796**	**267 465**	**997 808**	**459 196**	**49 142**	**7 591 914**
Surplus/(deficit) for the year	**50 503**	**23 681**	**37 188**	**32 203**	**79 042**	**28 590**	**170 261**	**(45 560)**	**401 263**

Statement of financial position as at 30 June 2014: support activities

(Thousands of United States dollars)

	Peacekeeping Reserve Fund	*Support account*	*UNLB*	*UNLB strategic deployment stocks*	*Employee Benefits Funds*	*Total*
Assets						
Cash and cash equivalents	22 550	6 563	1 498	15 879	–	46 491
Investments	96 003	27 777	6 119	67 734	–	197 632
Contributions receivable	1	–	–	–	–	1
Other receivables	–	1 174	2 548	310	–	4 032
Inventories	–	66	16 583	22 119	–	38 768
Property, plant and equipment	–	308	38 150	38 762	–	77 220
Other assets	33 015	813	3 187	137	19 768	56 920
Total assets	**151 569**	**36 701**	**68 085**	**144 941**	**19 768**	**421 064**
Liabilities						
Accounts payable	–	11 857	6 796	34 653	–	53 306
Employee benefits	–	5 326	537	–	1 388 364	1 394 227
Other liabilities and provisions	–	24 219	–	4 078	–	28 297
Total liabilities	–	**41 402**	**7 333**	**38 731**	**1 388 364**	**1 475 830**
Net assets						
Accumulated surpluses (deficits)	1 569	(4 701)	60 752	106 210	(1 368 596)	(1 204 766)
Reserves	150 000	–	–	–	–	150 000
Total net assets	**151 569**	**(4 701)**	**60 752**	**106 210**	**(1 368 596)**	**(1 054 766)**
Total liabilities and net assets	**151 569**	**36 701**	**68 085**	**144 941**	**19 768**	**421 064**

Statement of financial performance for the year ended 30 June 2014: support activities

(Thousands of United States dollars)

	Peacekeeping reserve fund	*Support account*	*UNLB*	*UNLB strategic deployment stocks*	*Employee Benefits Funds*	*Total*
Revenue						
Voluntary contributions	–	–	4 292	–	–	4 292
Transfers and allocations	–	322 022	62 027	23 700	3 336	411 085
Investment revenue	732	360	304	297	–	1 693
Other revenue	8	223	1 266	38	–	1 535
Total revenue	**740**	**322 605**	**67 889**	**24 035**	**3 336**	**418 605**
Employee benefits	–	235 501	21 637	–	215 730	472 868
Contingent contracted services	–	–	–	–	–	–
Other expenses	1	82 803	49 872	76 899	–	209 575
Total expenditure	**1**	**318 304**	**71 509**	**76 899**	**215 730**	**682 443**
Surplus/(deficit) for the year	**739**	**4 301**	**(3 620)**	**(52 864)**	**(212 394)**	**(263 838)**

Statement of financial position as at 30 June 2014: closed missions

(Thousands of United States dollars)

	MINUGUA	*MINURCA*	*MINURCAT*	*ONUMOZ*	*ONUB*	*ONUC*	*ONUSAL*	*UNMIT*	*UNSMIS*	*MONUA UNAVEM*
Assets										
Cash and cash equivalents	–	36	10 982	97	473	–	302	1 743	210	2 928
Investments	–	9	46 682	270	1 822	–	1 153	7 234	146	12 324
Contributions receivable	–	–	1 769	–	–	–	–	2 142	6 811	–
Other receivables	–	–	26	–	–	–	–	145	474	–
Inventories	–	–	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–	–	–
Other assets	–	–	110	1	4	2 887	2	117	678	25
Total assets	–	**45**	**59 569**	**368**	**2 299**	**2 887**	**1 457**	**11 381**	**8 319**	**15 277**
Liabilities										
Accounts payable	–	7 480	24 429	313	971	8 659	1 241	1 181	473	5 254
Employee benefits	–	–	–	–	–	–	–	521	–	–
Other liabilities	124	16 382	30	–	1	38 183	–	–	5 054	–
Total liabilities	**124**	**23 862**	**24 459**	**313**	**972**	**46 842**	**1 241**	**1 702**	**5 527**	**5 254**
Net assets										
Accumulated surpluses/(deficits)	(124)	(23 817)	35 110	55	1 327	(43 955)	216	9 679	2 792	10 023
Reserves	–	–	–	–	–	–	–	–	–	–
Total net assets	**(124)**	**(23 817)**	**35 110**	**55**	**1 327**	**(43 955)**	**216**	**9 679**	**2 792**	**10 023**
Total liabilities and net assets	–	**45**	**59 569**	**368**	**2 299**	**2 887**	**1 457**	**11 381**	**8 319**	**15 277**

Statement of financial performance for the year ended 30 June 2014: closed missions

(Thousands of United States dollars)

	MINUGUA	*MINURCA*	*MINURCAT*	*ONUMOZ*	*ONUB*	*ONUC*	*ONUSAL*	*UNMIT*	*UNSMIS*	*MONUA UNAVEM*
Revenue										
Assessed contributions	–	–	–	–	–	–	–	–	6 412	–
Investment revenue	–	–	646	2	16	–	9	46	18	97
Other revenue	–	7	340	–	17	16	1	35	335	9
Total revenue	–	**7**	**986**	**2**	**33**	**16**	**10**	**81**	**6 765**	**106**
Employee benefits	–	–	36	–	–	–	–	1 917	–	–
Contingent contracted services	–	–	–	–	–	–	–	2	–	–
Other expenses	–	1	1 254	1	–	–	1	441	1	1
Total expenditure	–	**1**	**1 290**	**1**	–	–	**1**	**2 360**	**1**	**1**
Surplus/(deficit) for the year	–	**6**	**(304)**	**1**	**33**	**16**	**9**	**(2 279)**	**6 764**	**105**

Statement of financial position as at 30 June 2014: closed missions

(Thousands of United States dollars)

	MIPONUH/ UNSMIH/UNTMIH	UNMIH	UNAMIR/UNOMUR	UNAMSIL/ UNOSMIL	UNMISET/UNTAET	UNPSG/UNTAES	UNIIMOG
Assets							
Cash and cash equivalents	73	7 015	3 061	1 343	751	1 029	377
Investments	135	29 755	12 993	5 561	3 065	4 198	1 451
Contributions receivable	–	–	–	–	–	–	–
Other receivables	–	–	–	–	–	–	–
Inventories	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–
Other assets	–	16 626	39	11	6	8	3
Total assets	**208**	**53 396**	**16 093**	**6 915**	**3 822**	**5 235**	**1 831**
Liabilities							
Accounts payable	114	32 000	5 713	5 995	1 864	4 742	1 666
Employee benefits	–	–	–	–	–	–	–
Other liabilities	7 366	–	–	–	–	–	–
Total liabilities	**7 480**	**32 000**	**5 713**	**5 995**	**1 864**	**4 742**	**1 666**
Net assets							
Accumulated surpluses/(deficits)	(7 272)	21 396	10 380	920	1 958	493	165
Reserves	–	–	–	–	–	–	–
Total net assets	**(7 272)**	**21 396**	**10 380**	**920**	**1 958**	**493**	**165**
Total liabilities and net assets	**208**	**53 396**	**16 093**	**6 915**	**3 822**	**5 235**	**1 831**

Statement of financial performance for the year ended 30 June 2014: closed missions

(Thousands of United States dollars)

	MIPONUH/ UNSMIH/UNTMIH	UNMIH	UNAMIR/UNOMUR	UNAMSIL/ UNOSMIL	UNMISET/UNTAET	UNPSG/UNTAES	UNIIMOG
Revenue							
Assessed contributions	–	–	–	–	–	–	–
Investment revenue	1	244	100	51	25	34	12
Other revenue	2	–	3	12	158	4	4
Total revenue	**3**	**244**	**103**	**63**	**183**	**38**	**16**
Employee benefits	–	–	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–
Other expenses	1	1	1	1	1	1	1
Total expenditure	**1**	**1**	**1**	**1**	**1**	**1**	**1**
Surplus/(deficit) for the year	**2**	**243**	**102**	**62**	**182**	**37**	**15**

Statement of financial position as at 30 June 2014: closed missions (continued)

(Thousands of United States dollars)

	UNIKOM	*UNMEE*	*UNMIBH*	*UNMIS*	*UNMLT*	*UNMOT*	*UNEF 56*	*UNOMIG*	*UNOMIL*
Assets									
Cash and cash equivalents	231	659	1 014	9 007	4	231	–	315	369
Investments	845	2 599	4 124	36 991	1	856	–	1 149	1 416
Contributions receivable	–	–	–	3 209	–	–	–	–	–
Other receivables	–	–	–	166	–	–	–	–	–
Inventories	–	–	–	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–	–	–	–
Other assets	2	5	8	75	–	2	957	2	3
Total assets	**1 078**	**3 263**	**5 146**	**49 448**	**5**	**1 089**	**957**	**1 466**	**1 788**
Liabilities									
Accounts payable	966	1 300	4 451	24 721	3	982	23 333	1 026	1 617
Employee benefits	–	–	–	–	–	–	–	–	–
Other liabilities	–	37	5	–	–	–	20 928	–	–
Total liabilities	**966**	**1 337**	**4 456**	**24 721**	**3**	**982**	**44 261**	**1 026**	**1 617**
Net assets									
Accumulated surpluses/(deficits)	112	1 926	690	24 727	2	107	(43 304)	440	171
Reserves	–	–	–	–	–	–	–	–	–
Total net assets	**112**	**1 926**	**690**	**24 727**	**2**	**107**	**(43 304)**	**440**	**171**
Total liabilities and net assets	**1 078**	**3 263**	**5 146**	**49 448**	**5**	**1 089**	**957**	**1 466**	**1 788**

Statement of financial performance for the year ended 30 June 2014: closed missions (continued)

(Thousands of United States dollars)

	UNIKOM	*UNMEE*	*UNMIBH*	*UNMIS*	*UNMLT*	*UNMOT*	*UNEF 56*	*UNOMIG*	*UNOMIL*
Revenue									
Assessed contributions	–	–	–	–	–	–	–	–	–
Investment revenue	7	22	33	310	–	7	–	10	11
Other revenue	–	49	100	204	–	–	–	–	–
Total revenue	**7**	**71**	**133**	**514**	**–**	**7**	**–**	**10**	**11**
Employee benefits	–	–	–	49	–	–	–	–	–
Contingent contracted services	–	–	–	–	–	–	–	–	–
Other expenses	1	22	7	2 354	1	1	103	3 275	1
Total expenditure	**1**	**22**	**7**	**2 403**	**1**	**1**	**103**	**3 275**	**1**
Surplus/(deficit) for the year	**6**	**49**	**126**	**(1 889)**	**(1)**	**6**	**(103)**	**(3 265)**	**10**

Statement of financial position as at 30 June 2014: closed missions (concluded)

(Thousands of United States dollars)

	UNOSOM	*UNPF*	*UNPREDEP*	*UNTAC*	*UNTAG*	*Total*
Assets						
Cash and cash equivalents	47	13 522	1 262	42	478	57 601
Investments	65	57 517	5 268	5	1 870	239 504
Contributions receivable	–	–	–	–	–	13 931
Other receivables	–	–	–	–	–	811
Inventories	–	–	–	–	–	–
Property, plant and equipment	–	–	–	–	–	–
Other assets	16	25 367	11	–	4	46 969
Total assets	**128**	**96 406**	**6 541**	**47**	**2 352**	**358 816**
Liabilities						
Accounts payable	15 560	46 775	6 081	40 086	2 018	271 014
Employee benefits	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	88 631
Total liabilities	**15 560**	**46 775**	**6 081**	**40 086**	**2 018**	**359 645**
Net assets						
Accumulated surpluses/(deficits)	(15 432)	49 631	460	(40 039)	334	(829)
Reserves	–	–	–	–	–	–
Total net assets	**(15 432)**	**49 631**	**460**	**(40 039)**	**334**	**(829)**
Total liabilities and net assets	**128**	**96 406**	**6 541**	**47**	**2 352**	**358 816**

Statement of financial performance for the year ended 30 June 2014: closed missions (concluded)

(Thousands of United States dollars)

	UNOSOM	*UNPF*	*UNPREDEP*	*UNTAC*	*UNTAG*	*Total*
Revenue						
Assessed contributions	–	–	–	–	–	6 412
Investment revenue	–	487	42	–	15	2 245
Other revenue	7	48	1	–	–	1 352
Total revenue	**7**	**535**	**43**	**–**	**15**	**10 009**
Employee benefits	–	–	–	–	–	2 002
Contingent contracted services	–	–	–	–	–	2
Other expenses	1	2	1	1	1	7 478
Total expenditure	**1**	**2**	**1**	**1**	**1**	**9 482**
Surplus/(deficit) for the year	**6**	**533**	**42**	**(1)**	**14**	**527**

Annex II

Budgetary reporting by mission

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Peacekeeping Force in Cyprus (UNFICYP)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	23 811	(786)	23 025	16 399	6 491	22 890	135
Civilian personnel	14 848	1 602	16 450	15 227	9	15 236	1 214
Operational requirements:							
Facilities and infrastructure	9 102	(619)	8 483	6 371	1 840	8 211	272
Air transportation	2 351	(123)	2 228	1 565	608	2 173	55
Communications and information technology	1 286	102	1 388	1 228	179	1 407	(19)
Other supplies, services and equipment	487	77	564	353	159	512	52
Other operational requirements	3 491	(253)	3 238	3 058	252	3 310	(72)
Total operational requirements	**16 717**	**(816)**	**15 901**	**12 575**	**3 038**	**15 613**	**288**
Subtotal	**55 376**	–	**55 376**	**44 201**	**9 538**	**53 739**	**1 637**
Prorated costs							
UNLB	508	–	508	508	–	508	–
Support account for peacekeeping operations	2 630	–	2 630	2 630	–	2 630	–
Subtotal	**3 138**	–	**3 138**	**3 138**	–	**3 138**	–
Voluntary contributions in kind (budgeted)	1 228	–	1 228	883	–	883	345
Total	**59 742**	–	**59 742**	**48 222**	**9 538**	**57 760**	**1 982**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Disengagement Observer Force (UNDOF)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	31 277	(2 436)	28 841	21 301	7 222	28 523	318
Civilian personnel	15 190	(183)	15 007	14 282	10	14 292	715
Operational requirements:							
Facilities and infrastructure	8 138	(11)	8 127	6 330	1 962	8 292	(165)
Air transportation	–	–	–	18	5	23	(23)
Communications and information technology	1 685	290	1 975	1 415	422	1 837	138
Other supplies, services and equipment	1 202	1 229	2 431	2 110	595	2 705	(274)
Other operational requirements	3 163	1 111	4 274	2 021	1 651	3 672	602
Total operational requirements	**14 188**	**2 619**	**16 807**	**11 894**	**4 635**	**16 529**	**278**
Subtotal	**60 655**	–	**60 655**	**47 477**	**11 867**	**59 344**	**1 311**
Prorated costs							
UNLB	440	–	440	440	–	440	–
Support account for peacekeeping operations	2 277	–	2 277	2 277	–	2 277	–
Subtotal	**2 717**	–	**2 717**	**2 717**	–	**2 717**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**63 372**	–	**63 372**	**50 194**	**11 867**	**62 061**	**1 311**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Interim Force in Lebanon (UNIFIL)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	301 510	(8 038)	293 472	239 710	53 554	293 264	208
Civilian personnel	96 370	7 402	103 772	103 696	74	103 770	2
Operational requirements:							
Facilities and infrastructure	27 457	(1 308)	26 149	24 179	48	24 227	1 922
Air transportation	6 057	2 289	8 346	3 344	2 565	5 909	2 437
Communications and information technology	9 837	(441)	9 396	6 546	2 308	8 854	542
Other supplies, services and equipment	3 085	989	4 074	3 701	289	3 990	84
Other operational requirements	48 306	(893)	47 413	17 181	34 705	51 886	(4 473)
Total operational requirements	**94 742**	**636**	**95 378**	**54 951**	**39 915**	**94 866**	**512**
Subtotal	**492 622**	–	**492 622**	**398 357**	**93 543**	**491 900**	**722**
Prorated costs							
UNLB	4 503	–	4 503	4 503	–	4 503	–
Support account for peacekeeping operations	23 320	–	23 320	23 320	–	23 320	–
Subtotal	**27 823**	–	**27 823**	**27 823**	–	**27 823**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**520 445**	–	**520 445**	**426 180**	**93 543**	**519 723**	**722**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Mission for the Referendum in Western Sahara (MINURSO)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	6 786	48	6 834	5 490	653	6 143	691
Civilian personnel	24 175	242	24 417	23 933	218	24 151	266
Operational requirements:							
Facilities and infrastructure	3 181	1 522	4 703	2 729	2 214	4 943	(240)
Air transportation	14 935	(2 552)	12 383	9 472	1 771	11 243	1 140
Communications and information technology	2 589	316	2 905	2 208	587	2 795	110
Other supplies, services and equipment	4 315	246	4 561	3 986	555	4 541	20
Other operational requirements	2 423	178	2 601	1 273	730	2 003	598
Total operational requirements	**27 443**	**(290)**	**27 153**	**19 668**	**5 857**	**25 525**	**1 628**
Subtotal	**58 404**	**–**	**58 404**	**49 091**	**6 728**	**55 819**	**2 585**
Prorated costs							
UNLB	533	–	533	533	–	533	–
Support account for peacekeeping operations	2 758	–	2 758	2 758	–	2 758	–
Subtotal	**3 291**	**–**	**3 291**	**3 291**	**–**	**3 291**	**–**
Voluntary contributions in kind (budgeted)	2 072	–	2 072	2 638	–	2 638	(566)
Total	**63 767**	**–**	**63 767**	**55 020**	**6 728**	**61 748**	**2 019**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Interim Administration Mission in Kosovo (UNMIK)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	713	–	713	591	10	601	112
Civilian personnel	35 515	253	35 768	32 015	134	32 149	3 619
Operational requirements:							
Facilities and infrastructure	3 583	(663)	2 920	2 515	204	2 719	201
Air transportation	–	–	–	–	–	–	–
Communications and information technology	2 914	246	3 160	2 101	553	2 654	506
Other supplies, services and equipment	484	141	625	351	229	580	45
Other operational requirements	1 744	23	1 767	1 198	258	1 456	311
Total operational requirements	**8 725**	**(253)**	**8 472**	**6 165**	**1 244**	**7 409**	**1 063**
Subtotal	**44 953**	**–**	**44 953**	**38 771**	**1 388**	**40 159**	**4 794**
Prorated costs							
UNLB	409	–	409	409	–	409	–
Support account for peacekeeping operations	2 117	–	2 117	2 117	–	2 117	–
Subtotal	**2 526**	**–**	**2 526**	**2 526**	**–**	**2 526**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**47 479**	**–**	**47 479**	**41 297**	**1 388**	**42 685**	**4 794**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	651 768	(14 350)	637 418	473 220	158 838	632 058	5 360
Civilian personnel	313 398	48 044	361 442	350 558	7 039	357 597	3 845
Operational requirements:							
Facilities and infrastructure	83 929	(8 403)	75 526	67 839	5 609	73 448	2 078
Air transportation	298 740	(39 420)	259 320	198 245	57 512	255 757	3 563
Communications and information technology	34 772	675	35 447	27 158	6 831	33 989	1 458
Other supplies, services and equipment	26 809	10 080	36 889	30 987	5 359	36 346	543
Other operational requirements	43 942	3 374	47 316	36 805	6 275	43 080	4 236
Total operational requirements	**488 192**	**(33 694)**	**454 498**	**361 034**	**81 586**	**442 620**	**11 878**
Subtotal	**1 453 358**	–	**1 453 358**	**1 184 812**	**247 463**	**1 432 275**	**21 083**
Prorated costs							
UNLB	13 287	–	13 287	13 287	–	13 287	–
Support account for peacekeeping operations	68 804	–	68 804	68 804	–	68 804	–
Subtotal	**82 091**	–	**82 091**	**82 091**	–	**82 091**	–
Voluntary contributions in kind (budgeted)	3 020	–	3 020	1 347	–	1 347	1 673
Total	**1 538 469**	–	**1 538 469**	**1 268 250**	**247 463**	**1 515 713**	**22 756**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Mission in Liberia (UNMIL)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	232 331	(1 755)	230 576	185 994	39 190	225 184	5 392
Civilian personnel	123 126	–	123 126	117 185	1 703	118 888	4 238
Operational requirements:							
Facilities and infrastructure	34 804	(1 573)	33 231	25 784	3 258	29 042	4 189
Air transportation	48 539	(508)	48 031	33 627	8 127	41 754	6 277
Communications and information technology	10 956	(82)	10 874	7 025	1 789	8 814	2 060
Other supplies, services and equipment	4 680	1 748	6 428	4 706	1 072	5 778	650
Other operational requirements	21 841	2 170	24 011	16 084	2 301	18 385	5 626
Total operational requirements	**120 820**	**1 755**	**122 575**	**87 226**	**16 547**	**103 773**	**18 802**
Subtotal	**476 277**	–	**476 277**	**390 405**	**57 440**	**447 845**	**28 432**
Prorated costs							
UNLB	4 354	–	4 354	4 354	–	4 354	–
Support account for peacekeeping operations	22 550	–	22 550	22 550	–	22 550	–
Subtotal	**26 904**	–	**26 904**	**26 904**	–	**26 904**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**503 181**	–	**503 181**	**417 309**	**57 440**	**474 749**	**28 432**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Operation in Côte d'Ivoire (UNOCI)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	316 100	(1 022)	315 078	249 741	51 055	300 796	14 282
Civilian personnel	110 236	6 990	117 226	110 249	2 044	112 293	4 933
Operational requirements:							
Facilities and infrastructure	40 491	8 261	48 752	35 204	11 604	46 808	1 944
Air transportation	55 792	(9 529)	46 263	33 545	5 468	39 013	7 250
Communications and information technology	12 530	(706)	11 824	8 254	2 392	10 646	1 178
Other supplies, services and equipment	31 441	(8 580)	22 861	1 661	349	2 010	20 851
Other operational requirements	17 897	4 586	22 483	24 218	11 045	35 263	(12 780)
Total operational requirements	**158 151**	**(5 968)**	**152 183**	**102 882**	**30 858**	**133 740**	**18 443**
Subtotal	**584 487**	–	**584 487**	**462 872**	**83 957**	**546 829**	**37 658**
Prorated costs							
UNLB	5 346	–	5 346	5 346	–	5 346	–
Support account for peacekeeping operations	27 682	–	27 682	27 682	–	27 682	–
Subtotal	**33 028**	–	**33 028**	**33 028**	–	**33 028**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**617 515**	–	**617 515**	**495 900**	**83 957**	**579 857**	**37 658**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Stabilization Mission in Haiti (MINUSTAH)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	295 592	(949)	294 643	245 273	45 263	290 536	4 107
Civilian personnel	137 714	727	138 441	125 075	1 206	126 281	12 160
Operational requirements:							
Facilities and infrastructure	71 803	(5 489)	66 314	45 555	14 728	60 283	6 031
Air transportation	14 237	30	14 267	11 962	1 836	13 798	469
Communications and information technology	23 274	(2 269)	21 005	14 424	2 610	17 034	3 971
Other supplies, services and equipment	10 622	1 221	11 843	4 049	7 204	11 253	590
Other operational requirements	23 377	6 729	30 106	15 813	5 177	20 990	9 116
Total operational requirements	**143 313**	**222**	**143 535**	**91 803**	**31 555**	**123 358**	**20 177**
Subtotal	**576 619**	–	**576 619**	**462 151**	**78 024**	**540 175**	**36 444**
Prorated costs							
UNLB	5 272	–	5 272	5 272	–	5 272	–
Support account for peacekeeping operations	27 297	–	27 297	27 297	–	27 297	–
Subtotal	**32 569**	–	**32 569**	**32 569**	–	**32 569**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**609 188**	–	**609 188**	**494 720**	**78 024**	**572 744**	**36 444**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: African Union-United Nations Hybrid Operation in Darfur (UNAMID)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	665 808	(12 143)	653 665	531 476	90 760	622 236	31 429
Civilian personnel	284 045	38 087	322 132	302 957	4 151	307 108	15 024
Operational requirements:							
Facilities and infrastructure	97 317	(6 862)	90 455	70 469	7 898	78 367	12 088
Air transportation	196 411	(32 363)	164 048	140 365	16 647	157 012	7 036
Communications and information technology	35 615	2 979	38 594	26 339	7 239	33 578	5 016
Other supplies, services and equipment	32 040	4 680	36 720	28 595	8 811	37 406	(686)
Other operational requirements	24 012	5 622	29 634	22 603	6 181	28 784	850
Total operational requirements	**385 395**	**(25 944)**	**359 451**	**288 371**	**46 776**	**335 147**	**24 304**
Subtotal	**1 335 248**	**–**	**1 335 248**	**1 122 804**	**141 687**	**1 264 491**	**70 757**
Prorated costs							
UNLB	12 203	–	12 203	12 203	–	12 203	–
Support account for peacekeeping operations	63 191	–	63 191	63 191	–	63 191	–
Subtotal	**75 394**	**–**	**75 394**	**75 394**	**–**	**75 394**	**–**
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**1 410 642**	**–**	**1 410 642**	**1 198 198**	**141 687**	**1 339 885**	**70 757**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Interim Security Force for Abyei (UNISFA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	140 961	(1 165)	139 796	102 064	12 249	114 313	25 483
Civilian personnel	24 947	1 110	26 057	24 870	189	25 059	998
Operational requirements:							
Facilities and infrastructure	63 526	(3 161)	60 365	18 510	15 276	33 786	26 579
Air transportation	56 882	(3 640)	53 242	30 031	8 853	38 884	14 358
Communications and information technology	8 411	2 420	10 831	6 006	3 334	9 340	1 491
Other supplies, services and equipment	23 207	849	24 056	21 080	1 960	23 040	1 016
Other operational requirements	11 175	3 587	14 762	2 947	7 994	10 941	3 821
Total operational requirements	**163 201**	**55**	**163 256**	**78 574**	**37 417**	**115 991**	**47 265**
Subtotal	**329 109**	–	**329 109**	**205 508**	**49 855**	**255 363**	**73 746**
Prorated costs							
UNLB	2 657	–	2 657	2 657	–	2 657	–
Support account for peacekeeping operations	13 761	–	13 761	13 761	–	13 761	–
Subtotal	**16 418**	–	**16 418**	**16 418**	–	**16 418**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**345 527**	–	**345 527**	**221 926**	**49 855**	**271 781**	**73 746**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Mission in South Sudan (UNMISS)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	256 331	32 705	289 036	224 368	62 038	286 406	2 630
Civilian personnel	247 914	(3 622)	244 292	240 602	3 137	243 739	553
Operational requirements:							
Facilities and infrastructure	109 048	4 654	113 702	80 695	33 697	114 392	(690)
Air transportation	154 791	(15 620)	139 171	117 873	20 772	138 645	526
Communications and information technology	32 937	(1 943)	30 994	22 862	7 096	29 958	1 036
Other supplies, services and equipment	67 309	2 805	70 114	59 040	10 237	69 277	837
Other operational requirements	56 096	(18 979)	37 117	16 008	20 729	36 737	380
Total operational requirements	**420 181**	**(29 083)**	**391 098**	**296 478**	**92 531**	**389 009**	**2 089**
Subtotal	**924 426**	–	**924 426**	**761 448**	**157 706**	**919 154**	**5 272**
Prorated costs							
UNLB	8 449	–	8 449	8 449	–	8 449	–
Support account for peacekeeping operations	43 752	–	43 752	43 752	–	43 752	–
Subtotal	**52 201**	–	**52 201**	**52 201**	–	**52 201**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**976 627**	–	**976 627**	**813 649**	**157 706**	**971 355**	**5 272**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Support Office for AMISOM (UNSOA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	98 881	(11 970)	86 911	64 994	21 262	86 256	655
Civilian personnel	44 966	4 829	49 795	48 960	82	49 042	753
Operational requirements:							
Facilities and infrastructure	79 988	12 458	92 446	53 313	38 017	91 330	1 116
Air transportation	54 135	(13 931)	40 204	29 442	10 076	39 518	686
Communications and information technology	39 308	674	39 982	30 945	7 959	38 904	1 078
Other supplies, services and equipment	65 831	2 829	68 660	63 455	4 686	68 141	519
Other operational requirements	60 692	5 111	65 803	43 809	19 949	63 758	2 045
Total operational requirements	**299 954**	**7 141**	**307 095**	**220 964**	**80 687**	**301 651**	**5 444**
Subtotal	**443 801**	–	**443 801**	**334 918**	**102 031**	**436 949**	**6 852**
Prorated costs							
UNLB	3 983	–	3 983	3 983	–	3 983	–
Support account for peacekeeping operations	20 625	–	20 625	20 625	–	20 625	–
Subtotal	**24 608**	–	**24 608**	**24 608**	–	**24 608**	–
Voluntary contributions in kind (budgeted)	–	–	–	–	–	–	–
Total	**468 409**	–	**468 409**	**359 526**	**102 031**	**461 557**	**6 852**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic (MINUSCA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	12 100	(5 402)	6 698	2 963	3 731	6 694	4
Civilian personnel	6 911	(2 092)	4 819	4 223	454	4 677	142
Operational requirements:							
Facilities and infrastructure	13 990	1 541	15 531	292	18 715	19 007	(3 476)
Air transportation	5 458	(5 211)	247	124	375	499	(252)
Communications and information technology	5 770	4 386	10 156	101	9 897	9 998	158
Other supplies, services and equipment	1 528	6 242	7 770	41	4 879	4 920	2 850
Other operational requirements	13 795	536	14 331	378	12 980	13 358	973
Total operational requirements	**40 541**	**7 494**	**48 035**	**936**	**46 846**	**47 782**	**253**
Total	**59 552**	–	**59 552**	**8 122**	**51 031**	**59 153**	**399**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Military and police personnel	308 763	(57 786)	250 977	153 609	90 494	244 103	6 874
Civilian personnel	72 220	423	72 643	68 164	4 533	72 697	(54)
Operational requirements:							
Facilities and infrastructure	73 893	32 466	106 359	42 611	64 595	107 206	(847)
Air transportation	55 522	6 809	62 331	43 677	19 829	63 506	(1 175)
Communications and information technology	16 773	11 480	28 253	24 196	3 748	27 944	309
Other supplies, services and equipment	36 094	3 341	39 435	32 170	5 779	37 949	1 486
Other operational requirements	38 735	3 267	42 002	16 706	22 681	39 387	2 615
Total operational requirements	**221 017**	**57 363**	**278 380**	**159 360**	**116 632**	**275 992**	**2 388**
Total	**602 000**	–	**602 000**	**381 133**	**211 659**	**592 792**	**9 208**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: support account for peacekeeping operations

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Civilian personnel	233 493	(1 689)	231 804	221 970	783	222 753	9 051
Operational requirements:							
Facilities and infrastructure	23 723	2	23 725	23 395	54	23 449	276
Air transportation	–	–	–	–	–	–	–
Communications and information technology	37 614	1 963	39 577	34 824	4 774	39 598	(21)
Other supplies, services and equipment	16 557	24	16 581	14 690	1 316	16 006	575
Other operational requirements	16 039	(300)	15 739	10 850	2 353	13 203	2 536
Total operational requirements	**93 933**	**1 689**	**95 622**	**83 759**	**8 497**	**92 256**	**3 366**
Total	**327 426**	–	**327 426**	**305 729**	**9 280**	**315 009**	**12 417**

Mission-by-mission comparison of budget and actual amounts on a budget basis from 1 July 2013 to 30 June 2014: United Nations Logistics Base at Brindisi, Italy (UNLB)

(Thousands of United States dollars)

	Appropriation			*Expenditure*			
	Original distribution	*Redeployment*	*Revised distribution*	*Disbursements*	*Unliquidated obligations*	*Total*	*Balance*
Civilian personnel	42 131	1 883	44 014	44 010	–	44 010	4
Operational requirements:							
Facilities and infrastructure	7 808	(1 260)	6 548	6 140	1 388	7 528	(980)
Air transportation	–	–	–	3	1	4	(4)
Communications and information technology	14 721	(531)	14 190	10 493	3 202	13 695	495
Other supplies, services and equipment	1 050	112	1 162	967	222	1 189	(27)
Other operational requirements	2 807	(204)	2 603	1 714	356	2 070	533
Total operational requirements	**26 386**	**(1 883)**	**24 503**	**19 317**	**5 169**	**24 486**	**17**
Subtotal	**68 517**	**–**	**68 517**	**63 327**	**5 169**	**68 496**	**21**
Strategic deployment stock activities — replenishment of strategic deployment stocks arising from transfers to peacekeeping and political missions and other entities	96 041	–	96 041	18 678	32 121	50 799	45 242
Total	**164 558**	**–**	**164 558**	**82 005**	**37 290**	**119 295**	**45 263**

Appendix

Abbreviations

Active missions

MINURSO	United Nations Mission for the Referendum in Western Sahara
MINUSCA	United Nations Multidimensional Integrated Stabilization Mission in the Central African Republic
MINUSMA	United Nations Multidimensional Integrated Stabilization Mission in Mali
MINUSTAH	United Nations Stabilization Mission in Haiti
MONUSCO	United Nations Organization Stabilization Mission in the Democratic Republic of the Congo
UNAMID	African Union-United Nations Hybrid Operation in Darfur
UNDOF	United Nations Disengagement Observer Force
UNFICYP	United Nations Peacekeeping Force in Cyprus
UNIFIL	United Nations Interim Force in Lebanon
UNISFA	United Nations Interim Security Force for Abyei
UNMIK	United Nations Interim Administration Mission in Kosovo
UNMIL	United Nations Mission in Liberia
UNMISS	United Nations Mission in South Sudan
UNOCI	United Nations Operation in Côte d'Ivoire
UNSOA	United Nations Support Office for the African Union Mission in Somalia

Closed missions

MINUGUA	United Nations Verification Mission in Guatemala, closed on 31 May 1997
MINURCA	United Nations Mission in the Central African Republic, closed on 15 February 2000
MINURCAT	United Nations Mission in the Central African Republic and Chad, closed on 31 December 2010
MONUA/ UNAVEM	United Nations Observation Mission in Angola/United Nations Angola Verification Mission, closed on 26 February 1999
ONUB	United Nations Operation in Burundi, closed on 31 December 2006

ONUC	United Nations Operation in the Congo, closed on 30 June 1964
ONUMOZ	United Nations Operation in Mozambique, closed on 31 March 1995
ONUSAL	United Nations Observer Mission in El Salvador, closed on 31 May 1995
UNAMIR/ UNOMUR	United Nations Assistance Mission for Rwanda/United Nations Observer Mission Uganda-Rwanda, closed on 19 April 1996
UNAMSIL/ UNOMSIL	United Nations Mission in Sierra Leone/United Nations Observer Mission in Sierra Leone, closed on 31 December 2005
UNEF	United Nations Emergency Force, closed on 30 June 1967
UNIIMOG	United Nations Iran-Iraq Military Observer Group, closed on 31 March 1991
UNIKOM	United Nations Iraq-Kuwait Observation Mission, closed on 31 October 2003
UNMEE	United Nations Mission in Ethiopia and Eritrea, closed on 31 July 2008
UNMIBH	United Nations Mission in Bosnia and Herzegovina, closed on 30 June 2003
UNMIH	United Nations Mission in Haiti, closed on 31 July 1996
UNMIS	United Nations Mission in the Sudan, closed on 11 July 2011
UNMIT	United Nations Integrated Mission in Timor-Leste, closed on 31 December 2012
UNMLT	United Nations Military Liaison Team in Cambodia, closed on 15 November 1994
UNMOT	United Nations Mission of Observers in Tajikistan, closed on 15 May 2000
UNOMIG	United Nations Observer Mission in Georgia, closed on 31 October 2009
UNOMIL	United Nations Observer Mission in Liberia, closed on 30 June 1998
UNOSOM	United Nations Operation in Somalia, closed on 28 February 1995
UNPF	United Nations Peace Forces, closed on 30 June 1997
UNPREDEP	United Nations Preventive Deployment Force, closed on 15 October 1999

UNSMIH/ UNTMIH/ MIPONUH	United Nations Support Mission in Haiti/United Nations Transition Mission in Haiti/United Nations Civilian Police Mission in Haiti, closed on 15 March 2000
UNSMIS	United Nations Supervision Mission in the Syrian Arab Republic, closed on 19 August 2012
UNTAC	United Nations Transitional Authority in Cambodia, closed on 31 March 1994
UNTAES/ UNPSG	United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium/United Nations Civilian Police Support Group, closed on 30 November 1998
UNTAET/ UNMISET	United Nations Transitional Administration in East Timor/United Nations Mission of Support in East Timor, closed on 20 May 2005
UNTAG	United Nations Transition Assistance Group, closed on 30 June 1991

Support activities

UNLB	United Nations Logistics Base at Brindisi, Italy

Other missions

UNMOGIP	United Nations Military Observer Group in India and Pakistan
UNTSO	United Nations Truce Supervision Organization

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